FD-302 (REV. 1-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2-27-75

[redacted] was interviewed at his place of business, [redacted] St. Louis, Missouri, telephone [redacted] [redacted] was advised of the identity of the interviewing Agent as well as the fact that he was being contacted regarding [redacted] He then supplied the following information:

[redacted]

[redacted]

He further recalled that MORRIS A. SHENKER and IRVIN J. KAHN were the stockholders of each of these companies and personally negotiated each of the loans with the trustees of the Pipefitters Funds. KAHN seemed more familiar with the actual parcels of real estate that were to collateralize the loans; however, SHENKER also appeared very cognizant of all terms of the loans and actively participated in the presentation to the trustees and subsequent discussion regarding granting the loans.

During each of these presentations and discussions, the trustees made it quite clear to both KAHN and SHENKER that they would only grant the loans on the condition that the companies issued a first deed of trust on each real estate parcel in favor of the Pipefitters Funds. Representations were made by both SHENKER and KAHN at the trustees' meetings

Interviewed on 2-20-75 at St. Louis, Missouri File # SL 156-20-308

by SA [redacted] : ss Date dictated 2-26-75

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SL 156-20

that this condition would be fulfilled. The trustees subsequently granted each of the loans as requested and stated in the trustees' meetings minutes as well as the resolution approving the loans that the loans were predicated upon the issuance of first deeds of trust.

[redacted] advised that this condition was made by the trustees in view of the fact that they only wanted to make secure investments and did not feel that anything less than a first deed of trust would be a secure loan. There was never any discussion whatsoever with SHENKER or KAHN regarding second or third deeds of trust on these parcels of real estate.

[redacted] again stated that during each of these loan presentations, both SHENKER and KAHN stressed the fact that the trustees would be given a first deed of trust on all of the property involved.

[redacted] was then shown a copy of a letter from BAI Incorporated dated December 17, 1971, addressed to Pipefitters Welfare Educational Fund and he identified this copy as being a copy of the letter received from BAI applying for a loan. He was also shown copies of the minutes of the meeting of the trustees of the Pipefitters Union Local 562 , Pension and Welfare Funds, dated December 22, 1971 and a loan resolution dated December 27, 1971 relating to the BAI loan and [redacted] He stated that these two documents indicated the approval of the BAI loan based upon the issuance of a first deed of trust.

At the conclusion of this interview, [redacted] stated that both SHENKER and KAHN made each of the loan presentations to the trustees and both were very knowledgeable about all terms of the loans at each of the meetings.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/4/75

[redacted] St. Louis, Missouri, telephone [redacted] was advised of the identity of the interviewing Agent and of the fact that he was being contacted regarding his knowledge of a series of loans granted by Pipe Fitters Union Local 562, Pension and Welfare Funds, to three corporations located in southern California. [redacted] supplied the following information:

[redacted]

He stated that he recalls the Pipe Fitters Funds granting five loans totaling $24,000,000 to companies known as Murietta Hot Springs, Mission Hills Enterprises and BAI Incorporated.

He stated that each of these loans was negotiated in person by MORRIS A. SHENKER and IRVIN J. KAHN, who represented each of the companies applying for the loan. He recalls that SHENKER always did most of the talking at all of the presentations and KAHN usually just sat there, but would talk once in a while. He also recalls that KAHN and SHENKER would sometimes bring in one or two other people with them to the presentations in order to display and explain various charts and photos pertaining to the properties that would be collateralizing the loans. He also recalls that once in a while SHENKER would bring one of the other attorneys from his law firm to assist in the presentation. [redacted] further stated that SHENKER was always the one who presented and discussed the details of how the loan would be handled and what security would collateralize the loan.

During these presentations and discussions, the Pension and Welfare Fund trustees made it quite clear to

Interviewed on 1/31/75 at St. Louis, Missouri File # 156-20 - 309

by SA [redacted] dlv Date dictated 2/3/75

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SL 156-20

both SHENKER and KAHN that if they granted the loans, the loans would have to be secured by a First Deed of Trust on each of the parcels of real estate being pledged as collateral. He specifically recalls that SHENKER made representations to the trustees that they would in fact be given a First Deed of Trust for each of the loans.

[redacted] further stated that the trustees were quite emphatic about receiving a First Deed of Trust on all of the property and that none of the trustees were willing to settle for anything less than that. He went on to state that this meant a true First Deed of Trust, and not a second or third or just a title insurance policy. He stated that the reason for their being so emphatic in this regard was that they have a direct fiduciary responsibility to the members of the above Pipe Fitters Funds and therefore, would not make a questionable or insecure loan or investment. [redacted] further stated that [redacted]

[redacted] was then shown photostatic copies of the minutes of a trustees meeting dated December 22, 1971, and a joint resolution of the same trustees dated December 27, 1971, both of these documents pertaining to a loan of 6.5 million dollars by the trustees to BAI Incorporated. [redacted] read over each of these documents and stated that, to the best of his recollection, each accurately reports actions taken by the trustees on the dates indicated. [redacted]

He stated that in relation to this particular loan, he specifically recalls that the letter of application from BAI for this loan stated that the Pension and Welfare Funds would be secured by a First Deed of Trust incumbering the property that was to be used to collateralize the loan. He also recalled that the trustees' minutes and resolution as described above also stated that the loan was to be secured by a First Deed of Trust.

SL 156-20

[redacted] further advised that [redacted] another trustee, and [redacted] attorney for the Funds, did so. [redacted] stated that [redacted] in November, 1974, [redacted] and [redacted] traveled to northern California to inspect a piece of property that SHENKER was trying to substitute as collateral on one of the loans. He stated that after viewing this property, he was convinced that SHENKER was trying to do a "big con job" on them as the value of the property did not come anywhere near the amount of the loan. Shortly thereafter, the trustees decided not to accept this substitution.

[redacted] stated that SHENKER was always the most dominant figure during all of the loan presentations and that KAHN said very little in comparison to SHENKER at these meetings. [redacted] further stated that neither he nor the other trustees would have voted to make any of these loans if they had known they were not going to get a First Deed of Trust.

He went on to state that all of these loans have always been very deliquent and the trustees have always had to keep after SHENKER and his people to make the interest payments on them. Some of these loans were recently restructured wherein the trustees agreed to accept new notes in the amounts of the deliquent interest. He stated that the trustees have considered foreclosure on these loans, but are trying to keep from doing so because they don't want to get involved in the real estate business by having to sell the property. He stated that they have been primarily interested in receiving the interest payments on the loans.

Since it was discovered approximately one year ago that the trustees did not in fact hold First Deed of Trusts on the properties collateralizing the loans, neither SHENKER nor anyone representing him has ever come before the trustees to explain why this situation occurred.

Upon conclusion of this interview, [redacted] again reinterated the fact that all of the loans--Murietta Hot Springs, Mission Hills Enterprises and BAI Incorporated--were all based on the premise that the trustees would receive a First Deed of Trust on the properties and nothing less than that.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 2/18/74

[redacted], telephone [redacted] was contacted at his place of business, [redacted] California, telephone [redacted]

[redacted] was questioned regarding the ownership and later transfer of property described as Lots [redacted]

He stated that he, his wife and business partner as well as other relatives in the family owned [redacted] He stated that this land had been inherited by his wife [redacted] upon the death of his mother-in-law, [redacted] He recalled that his wife, brother-in-law [redacted] and one other relative owned approximately 33 acres of the original parcel which totalled 87.91 acres. He was unable to identify other heirs holding an interest in this property.

He stated that on April 27, 1966, he and his business partner, [redacted] purchased his brother-in-law's parcel which totalled approximately 13 1/2 acres. This transfer of property was recorded May 27, 1966, transferring the property from [redacted] At this point, their individual interest which made up the 7/18 of this parcel were as follows:

[redacted]

Interviewed on 2/12/75 at [redacted] California File # Los Angeles 156-76

by SA [redacted] ljm Date dictated 2/12/75

☆ U.S. GPO: 1974—555-294

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156-20-810

SERIALIZED INDEXED
SERIALIZED FILED

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[redacted] stated that they kept paying taxes on this property over the years and eventually noticed that that the area was beginning to develop. Sometime prior to October 1971, they received a letter from an unrecalled individual representing MORRIS A. SHENKER offerring to purchase their parcel of land. He stated that the letter sounded more like a threat than an offer since the person writing stated they would research the property, thereafter buying up those portions surrounding the property owned by [redacted] and [redacted] thereby leaving them somewhat divided and nonaccessable. [redacted] stated that he and his partner decided to hold out a little longer. He recalled that the offer was in the realm of $3,000.00 to $3,500.00 per acre.

He stated that he and [redacted] later decided to sell the property, and on October 27, 1971, they sold the parcel totalling approximately 33 acres, to MORRIS A. SHENKER. SHENKER signed a promissory note dated October 27, 1971, in the principle amount of $130,049.14, principle and interest payable in annual installments on December 23, 1972, of $28,545.99, and annually thereafter until December 23, 1976, when the remainder became due. A cash down payment of $32,512.28 was paid on October 27, 1971. Total amount of the sale was $162,561.42. He identified this with escrow number [redacted] and stated that he was represented by [redacted] The trust note is secured by a first trust deed.

[redacted] stated that he never met MORRIS A. SHENKER and that the transaction was handled through his attorney [redacted] who dealt with SHENKER's representative. A review of his papers reflects that a (FIRST NAME UNKNOWN) [redacted] from San Diego was involved in the transaction along with [redacted] who supposedly works for B.A.I. Incorporated, 110 West C Street, Suite 1600, San Diego, California, telephone [redacted] stated that from reviewing his papers it appeared that [redacted] and [redacted] represented SHENKER in this transaction.

He stated that as far as he knew the promissory note was current as of December 29, 1971, and the first annual

installment was not due until December 23, 1972. He stated that a Notice of Default and Election to Sell Under Deed of Trust was filed and recorded as the result of the first installment (December 23, 1972) being dalayed. Again April 9, 1973, it was necessary for them to file another Notice of Default, a copy of which he exhibited. It was noted the trustee sale officer was [redacted] sale number [redacted] He stated that it appears SHENKER or whoever is making the payments is holding off until the last minute to make these payments and take advantage of the lower interest rate. He pointed out that they are in the process of filing a third Notice of Default or foreclosure on the property, having done so the second week of January 1975. He stated that on two occasions thus far, they have received their installment payment of $28,545.99 plus the penalty on the last day of the foreclosure period. The last two Notices of Default were filed through the Title Insurance and Trust Company office located in Riverside, California. Prior to that, his partner [redacted] went to San Diego and contacted this company to file the Notice of Default. He explained that he had no idea of the identity of the person making the payments on the note and added that they are received at the Title Insurance and Trust Company, San Diego, California.

[redacted] stated that the deed of trust is currently in default and as previously stated, they filed their third Notice of Default in January 1975. He stated that he did not know SHENKER, however, SHENKER's name appeared on the escrow instructions, deed of trust and promissory note dated October 27, 1971. To date they have received a total of approximately $89,604.26 consisting of a down payment of $32,512.28 plus two payments annually of $28,545.99. [redacted] added that as of December 29, 1971, they had only received the cash down payment of $32,512.28, inasmuch as the sale of the property took place only two months prior to that.

He added that he never heard of B.A.I. Incorporated, but in reviewing his records he noticed the name of [redacted] and a [redacted] who supposedly both work for the B.A.I. Incorporated. His note reflected he attempted to call [redacted] through telephone [redacted] on January 3, 1975, and was referred to an [redacted] It was learned that [redacted] and [redacted]

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were both out of the office and [redacted] was told that he would be contacted by them later. No response was received from the call and they filed their third Notice of Default in January.

[redacted] was made aware of the transactions recorded at the County Recorders Office, San Diego, California, involving this property and he could only recall the transaction involving the purchase of the interest owned by [redacted], and the sale of the property to MORRIS A. and [redacted] on October 27, 1971. Other deeds of trust and reconveyances were unknown to him. He pointed out that he became more aware of the fact that MORRIS A. SHENKER had purchased several parcels of property in the vicinity of that which he purchased from [redacted]

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156-20-311

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____

FD-302 (Rev. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 2/11/75

[redacted] furnished the following information:

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He acquired title to the property consisting of [redacted] according to the official plat thereof, approximately 15 years ago in the settlement of the dissolution of a partnership. In connection with the settlement, the 40 acres were given a value of $1,500.00 per acre for a total value of $60,000.00. He sold this property on June 18, 1969 to Title Insurance and Trust Company, San Diego, California, under a holding arrangement 90. The escrow was handled through the United California Bank (UCB), San Diego, California, and the sales price was $100,000.00 with $20,000.00 cash and a $80,000.00 loan secured by a first trust deed on the property. The escrow agreement called for a payment of $4,314.00 every six months for five years and with a lump sum payment for the balance due at that time. The individual who negotiated the deal for Title Insurance and Trust Company was [redacted] who is with the Title Insurance and Trust Company in San Diego. Payments were made to him through the UCB Trust Division, 707 Wilshire Boulevard, Los Angeles, California. The trust officer handling the correspondence with him was a [redacted] He did not know the exact status of the note on December 29, 1971 because on many occasions the semi-annual payments were not made and he had to threaten foreclosure proceedings under his first trust deed in order to collect the payments. The most recent foreclosure proceedings brought by him occurred in February and October 1974.

On January 29, 1975 he was notified by [redacted] at the UCB that sufficient funds had been received for payment on the note in full. The unpaid balance at that

Interviewed on 2/5/75 at [redacted], California File # Los Angeles 156-76

by SA [redacted]/dw Date dictated 2/6/75

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time was $62,239.00 plus seven percent interest from June 18, 1974 to January 27, 1975 - $2,650.00, refund of deposits - $205.00, having total amount due - $65,094.20. His contact in connection with the sale and collection on the property has been through UCB or [redacted] Title Insurance and Trust Company, San Diego, California. He did not have personal dealings with any representative of the purchasers but understood that IRVING KAHN held the property for some time and later it was transferred to B.A.I., Incorporated. On the occasions on which he filed a foreclosure to collect his semi-annual payments, he received a title policy and had in his possesion a title policy issued by Title Insurance and Trust Company, February 14, 1974 and a title policy of Safeco Title Insurance Company, October 28, 1974. He furnished both of these title policies.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 2/12/75

[redacted], telephone number [redacted] was interviewed in the presence of [redacted]

and [redacted] the realty company. [redacted] furnished the following information relating to the 20 acres of land owned by [redacted]

[redacted] acquired the property in San Diego on approximately July 13, 1964, from [redacted]. The Grand Deed was recorded on August 13, 1964, in San Diego, Recorder's Office Page [redacted] and which deed contained $77 worth of revenue stamps.

[redacted] conferred with [redacted] and the value of the land in 1964 was not recalled specifically, but it was believed that the land was valued at approximately $70,000.

The property in San Diego was then sold on June 2, 1969, and a note secured by Deed of Trust was executed by Title Insurance and Trust Company of San Diego as Trustee under H.A. #90, and with a note value of $40,800. The note was signed by [redacted] of Title Insurance and Trust Company. The semiannual payments on the note were to be in the sum of $2,208, and payments were to be made until July 2, 1974.

A copy of Escrow Instructions 113-351, dated June 2, 1969, from the United California Bank, San Diego Main Office, indicated that cash paid through escrow was $10,200, new encumbrance (note) was $40,800 and thus making a total consideration paid for the property of $51,000.

Interviewed on 2/12/75 at [redacted] California File # Los Angeles 156-76

by [redacted] SA [redacted] Date dictated 2/12/75

☆ U.S. GPO: 1974—555-294

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15C-20-312

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____

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Title to this property was to vest in [redacted] a single man. [redacted] for the Kahn Company of San Diego.

All of the documents relating to the sale of the land were sent in care of Stierer Investment Realty, 1355 First National Bank Building in San Diego. The individual who first contacted [redacted] regarding sale of the property was [redacted] of [redacted]

The note for sale of the property was current as of December 29, 1971. As of December 29, 1971, payments had been received in the total amount of $8,832, which represented payments for the years 1970 and 1971. These payments included principal and interest payments. It was estimated by [redacted] that the amount owed on the principal of the note as of December 29, 1971, would be approximately $40,000. [redacted] stated that she was not aware, or ever notified, that a Grand Deed dated December 29, 1971, had been executed by Title Insurance and Trust Company, and wherein the property was granted to B.A.I., Incorporated.

[redacted] stated that she filed Notice of Default on the property as of December 13, 1974, and that this was recorded with the County Recorder's Office in San Diego.

Payment had failed to be made on the principal of the note that was due from July 2, 1974, plus interest from January 2, 1974. The Notice of Default also increased the interest rate from 7% to 10% from that date forth.

[redacted] stated that the payments on the note were being made by B.A.I., Incorporated, and that this corporation made

all of the payments from 1971, up until the time of default. It is believed that for the year 1970, the note payments were made by Title Insurance and Trust Company.

[redacted] stated that on approximately July 10, 1974, when she made inquiry with Kahn Company and talked with a [redacted] telephone number [redacted] in San Diego, she wanted to know why the note was delinquent. [redacted] explained that the reason she contacted Kahn Company was because she was of the opinion that this company was responsible for making the payments. Prior to this time, [redacted] mother had handled the entire transaction, but her mother had been sick for some time, and [redacted] was not aware that B.A.I., Incorporated, had been making the loan payments prior to 1974.

[redacted] stated that when she contacted [redacted] she informed him that the note payments on the Trust Deed would be made by B.A.I., Incorporated, and that a [redacted] could be contacted regarding future payments.

The current status of the Deed of Trust is in foreclosure proceedings which were filed on December 19, 1974.

[redacted] has no knowledge of the involvement of MORRIS SHENKER in these transactions.

156-20-312

SEARCHED
SERIALIZED
FEB 12 1975
FBI - ST. LOUIS

FD-36 (Rev. 5-22-64)

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FBI

Date: 2/24/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIRMAIL
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, LOS ANGELES (156-76) (RUC)

SUBJECT: MORRIS A. SHENKER, aka
ET AL,
etc.
WPPDA; PERJURY;
OOJ; FBW; CONSPIRACY
OO: St. Louis

Re St. Louis airtel dated 1/28/75.

Enclosed for St. Louis are two copies each of FD-302's for [redacted] 2/12/75, [redacted] 2/5/75, [redacted] 2/12/75. Also enclosed is Title Insurance and Trust Company title policy number [redacted] dated 2/14/75, and [redacted] Insurance Policy Number [redacted] dated 10/28/74.

156-20-323

2- St. Louis (Enc. 8)
1- Los Angeles

JJF/svl
(3)

[redacted]

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

U.S.Government Printing Office: 1972 — 455-574

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156-20-314

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 2/25/75

[redacted] Attorney at Law, [redacted] [redacted] phone number [redacted] was advised of the official identity of the interviewing Agent by display of credentials and was advised of the purpose of the interview. [redacted] then furnished the following information:

[redacted] stated that he represents [redacted] and [redacted], and has been representing them concerning some real estate known as [redacted] described [redacted] stated that [redacted] also stated that he is the official custodian of the records pertaining to this property, and any subpoena should be directed to him.

[redacted] stated that the property in question came into the possession of [redacted] through an inheritance and that they had been attempting to sell it for a couple of years. He stated that they had apparently advertised it in several newspapers and were eventually contacted and the property sold through a real estate office by the name of Stierer Investment Realty, Suite 1355, First National Bank Building, San Diego, California, and [redacted] stated that the Deed of Trust was drawn on April 28, 1969, and was recorded on June 6, 1969, recorder's file number [redacted] stated that the records indicate a sale price of $140,000 with $28,000 down through Escrow, the balance of $112,000 on deferred payments, semiannual installments, due on the 15th day of January and July of each year commencing January 15, 1970. Each payment was to be in the amount of $4,800, which included seven percent interest. The note was signed by Title Insurance and Trust Company, San Diego, California, as trustee under HA90 and signed by an [redacted] The Deed of Trust was also signed by [redacted] The actual sale of the property was made to [redacted] a single man, not further described.

Interviewed on 2/21/75 at [redacted] File # SL 156-20 SC 92-645

by SA [redacted] cap Date dictated 2/24/75

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[redacted] stated that he does not know who actually contacted [redacted] to arrange for the sale of the property other than it was made through the real estate company. [redacted] stated that the note was current as of December 29, 1971. [redacted] did not have the exact figures as to the amount due on the note as of December 29, 1971, but stated that it was somewhat less than $106,000.

[redacted] stated that he had been in the process of proceeding with a default action in the early part of 1974, but that payment was received before the default action was completed. [redacted] stated that the principal and interest payment due as of July 15, 1973, had not been paid as of November 5, 1973, and this was the time he was initially contacted concerning the property by [redacted] stated that the taxes were also delinquent on the property at this time. [redacted] wrote the Title Insurance and Trust Company in San Diego on November 6, 1973, asking why the payment had not been received. On November 9, 1973, the Title Insurance and Trust Company wrote back stating that the title had been transferred to the B.A.I., Incorporated, 110 West C Street, Suite 1600, San Diego, California. [redacted] then wrote B.A.I. on November 29, 1973, requesting explanation as to the delinquent payment and received no answer. He again wrote B.A.I. on December 12, 1973, and received no answer. On January 9, 1974, [redacted] stated that he wrote Title Insurance and Trust Company, attention [redacted] explaining that he could get no results from B.A.I. and requested that the Title Insurance and Trust Company take some action. [redacted] received no reply. On February 1, 1974, [redacted] then called the Title Insurance and Trust Company and talked to [redacted] who suggested that [redacted] proceed with a notice of default. [redacted] agreed to send [redacted] a copy of the trust deed from the United California Bank in San Diego, who was actually the trustee. [redacted] received a copy of the trust deed on February 5, 1974.

[redacted] stated that he decided because of the problems incurred to attempt to move the trusteeship from the United California Bank in San Diego to a trustee in

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the Nevada City area if B.A.I. would okay the transfer. On February 27, 1974, [redacted] wrote the trustee, United California Bank, San Diego, California, requesting that a declaration of default be issued, which was done by the United California Bank. [redacted] stated that the United California Bank trust division in Los Angeles handled the foreclosure proceedings and mailed the papers to him to have the declaration of default signed by [redacted]

[redacted] stated that on July 1, 1974, he had heard nothing from the United California Bank concerning the trustee's sale and wrote them a letter on July 16, 1974. [redacted] stated that on that same date payment was received from the United California Bank for all payments due up to that date, and as a result, the notice of default was rescinded.

[redacted] stated that the payments received have been from the United California Bank so that he has no actual knowledge as to what individual or company is actually making the payments. [redacted] stated that the note is in default again inasmuch as the payment due on January 15, 1975, has not yet been received.

[redacted] stated that neither he nor any of the [redacted] have any knowledge of an individual by the name of MORRIS A. SHENKER. [redacted] stated that SHENKER's name is listed in the trustee's sale guarantee issued by Title Insurance and Trust Company, listing SHENKER as a benificiary to the Deed of Trust. SHENKER's name is also listed in an amendment to the Deed of Trust.

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FD-36 (Rev. 5-22-64)

FBI

Date: 2/25/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, SACRAMENTO (92-645) (RUC)

SUBJECT: MORRIS A. SHENKER, aka;
IRVIN JULIUS KAHN - DECEASED;
PIPEFITTERS UNION LOCAL 562,
WELFARE AND PENSION FUNDS,
ST. LOUIS, MISSOURI;
[redacted]
WPPDA; PERJURY; PPJ; FBW;
CONSPIRACY
OO: St. Louis

Re St. Louis airtel to Houston, 1/28/75, and FD-302 of SA [redacted] at San Diego, California, dated 1/20/75, reflecting review of the records of the County Recorder's Office, San Diego, California.

Enclosed for St. Louis are two copies of an FD-302 reflecting interview of [redacted] Attorney at Law, Nevada City, California, who is currently representing [redacted] and [redacted]

2 - St. Louis (Enc. 2)
1 - Sacramento
DJL:cap
(3)

156-20-315

SEARCHED
SERIALIZED

Approved: PCW/SK
Special Agent in Charge

Sent _____ M Per _____

U.S.Government Printing Office: 1972 — 455-574

156-20-316

SEARCHED

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/28/75

[redacted] b6 b7C

[redacted], voluntarily furnished the following information:

[redacted] stated that the law firm of [redacted], [redacted] represents ANICO. [redacted] stated [redacted] and in compliance with a subpoena directed to [redacted] dated February 19, 1975, issued by the United States District Court for the Eastern District of Missouri, he would make available [redacted] b3 b6 b7C

[redacted] stated ANICO never owned the property described as [redacted] in [redacted], State of California. b6 b7C

[redacted] stated that on May 12, 1969, MORRIS A. SHENKER and [redacted] signed a promissory note, number [redacted], and were granted a loan by ANICO in the amount of [redacted] The deed of trust was signed by MORRIS and [redacted] to secure the loan, on certain property located in [redacted] b3 b6 b7C

[redacted] stated that Security Title and Trust Company, 1301 - 3rd Avenue, Box 1590, San Diego, California, acted as trustees under the terms of the deed of trust. [redacted] stated Title Insurance and Trust Company (TI) was not b6 b7C

Interviewed on 2/26/75 at Galveston, Texas File # HO 156-30 SL 156-20

by SA [redacted] :yk Date dictated 2/27/75

granted a loan by ANICO and TI had no holding agreement in connection with the loan or deed of trust granted to MORRIS A. and [redacted] by ANICO. b6 b7C

[redacted] b3 b6 b7C

[redacted] stated that the initial contact with ANICO relating to the loan was made in the form of a letter from Mr. MORRIS A. SHENKER dated April 27, 1967, directed to Mr. WILLIAM VOGLER, Chairman of the Board, ANICO (now deceased). [redacted] stated he has no idea who may have initially made oral contact with ANICO in connection with obtaining the loan for Mr. SHENKER. [redacted] stated [redacted] ANICO, may have knowledge of who made the original oral contact with ANICO. He stated [redacted] is now employed with [redacted] California. [redacted] stated the only other person who would have known the identity of the individual making original contact would have been Mr. VOGLER. b6 b7C

[redacted] stated the loan granted to MORRIS A. and [redacted]

[redacted] stated ANICO never foreclosed on the loan and there were no defaults filed by ANICO against the property named in the deed of trust.

[redacted] stated the identity and address of the party making the payments on the loan was unknown to ANICO. [redacted] advised that payments on mortgage loans to ANICO are routinely made to Lock Box Depositories located throughout the United States. [redacted] explained that Lock Box Depositories are maintained by ANICO at various banks. He stated funds are deposited in the Lock Box Depositories by individuals making payments on mortgages or loans. He stated the funds are thereafter transferred by wire to ANICO. The items received in the Lock Box Depositories are processed by the bank in which the depository is located. [redacted] stated therefore

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HO 156-30

that ANICO is never in receipt of the actual checks or items which are used to pay the mortgage loan installment payments. He stated in the event that payments are sent directly to ANICO, the payments are recorded in the records of ANICO by amounts only and properly credited to the appropriate loan account. He stated the items received are then deposited in the appropriate ANICO account and no record is made in ANICO files of the actual identity of the item or the person making the payment. [redacted] advised it is unknown whether the payments made on the MORRIS A. [redacted] SHENKER loan were made to a Lock Box Depository or directly to ANICO. [redacted] advised that payments on the note were prompt and the payments were never in a delinquent status.

[redacted] stated that in early January, 1971, ANICO received a demand request from TI, San Diego, California, requesting a pay-off figure. TI indicated that the note was going to be paid off at that time. [redacted] stated in compliance with their request, TI was furnished with the pay-off figure of [redacted] stated that on [redacted], that amount was received from TI by ANICO and the loan was paid off. [redacted] stated a request for full reconveyance was executed by ANICO and forwarded to TI by letter dated January 21, 1971. [redacted] advised the original note and deed of trust was forwarded to TI by letter dated January 22, 1971.

[redacted] stated in January, 1972, he was contacted by TI, who advised that they did not receive the full reconveyance on the deed of trust executed by ANICO. [redacted] stated his files contain a letter dated January 10, 1972, directed to [redacted] with TI in San Diego. [redacted] stated the letter confirms a conversation which he had with [redacted] wherein he advised [redacted] that the full reconveyance had been sent to TI in 1971. [redacted] stated subsequent correspondence was held with TI, through which they were advised that the deed of trust and full reconveyance had been executed and forwarded to their company by ANICO in January, 1971. [redacted] stated TI apparently assumed responsibility for the loss reconveyance. [redacted] advised that files disclose TI was appointed as substitute trustee after which they signed a release of the deed of trust in June, 1972. [redacted] pointed out that although the release was apparently signed in 1972, the deed of trust was in fact released by ANICO in January, 1971, by way of the execution of the full reconveyance which was forwarded to TI and thereafter apparently lost by TI.

[redacted] advised that MORRIS A. SHENKER was involved directly and personally in most of the transactions relating to the loan he received from ANICO. [redacted] stated on a few occasions, IRVING KAHN was involved in some of the transactions. [redacted] stated he does not know what KAHN's connection was with Mr. SHENKER. He advised he understands IRVING KAHN is now deceased. b6 b7C

[redacted] furnished copies of the following items [redacted] copies of which are attached hereto:

1. [redacted]

2.

3.

4.

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[redacted] furnished [redacted] from [redacted]. A copy of the letter is attached hereto.

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156-20-317

SEARCHED ... INDEXED
SERIALIZED ... FILED

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of Transcription 2/28/75

[redacted] was served with a subpoena to testify before the Grand Jury in the United States District Court for the Eastern District of Missouri, dated February 19, 1975.

[redacted] stated in compliance with the subpoena he would make [redacted] available to the Federal Bureau of Investigation [redacted]

[redacted] stated he would make [redacted] available through [redacted]

[redacted] was present at the time [redacted] was served with the above-mentioned subpoena.

Interviewed on 2/26/75 at Galveston, Texas File # HO 156-30
SL 156-20

by SA [redacted]:yk Date dictated 2/27/75

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FD-36 (Rev. 5-22-64)

FBI

Date: 2/27/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRMAIL AIRTEL
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, SACRAMENTO (92-645) (RUC)

SUBJECT: MORRIS A. SHENKER, aka;
IRVIN JULIUS KAHN - DECEASED;
PIPEFITTERS UNION LOCAL 562,
WELFARE AND PENSION FUNDS,
ST. LOUIS, MISSOURI;
[redacted]
WPPDA; PERJURY; PPJ; FBW;
CONSPIRACY
OO: St. Louis

Re Sacramento airtel to St. Louis, 2/25/75, and enclosed FD-302 reflecting interview with [redacted].

Page two of the FD-302 referenced above contains an error in the amount of money owed on the property. [redacted] stated that the amount owed on the property as [redacted], was somewhat less than [redacted] rather than [redacted] The original FD-302 at Sacramento has been corrected to reflect this, and St. Louis should make appropriate correction on Page two, paragraph one, line 8.

15-6-20-318

2 - St. Louis
1 - Sacramento
DJL:sle
(3)

302 corrected

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___

[redacted]

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

U.S.Government Printing Office: 1972 — 455-574

FD-36 (Rev. 5-22-64)

F B I

Date: 2/28/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIR MAIL
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, HOUSTON (156-30) (RUC)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; PERJURY; OOJ;
FBW; CONSPIRACY
(OO SL)

Re SL airtel to HO, 2/19/75.

Enclosed herewith for St. Louis is the original subpoena to testify before Grandy Jury in USDC, Eastern District of Missouri, directed to [redacted] with return completed. Also enclosed for St. Louis are two copies of an FD-302 re interview of [redacted] and two copies of an FD-302 re interview of [redacted]

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This matter being RUC'ed.

2 - St. Louis (Enc. 5)
1 - Houston

CAH:yk
(3)

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156-20-319

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____

Approved: _____ Sent _____
Special Agent in Charge

FD-350 (Rev. 7-16-63)

(Mount Clipping in Space Below)

Shenker takes over Dunes' reins

LAS VEGAS (AP) — Morris Shenker, who was found suitable to hold a gaming license by the Nevada Gaming Commission last week, has been elected chairman of the board of the Dunes Hotel here.

The hotel announced Wednesday that Shenker also was elected chairman of the executive committee of M & R Investment Co., Inc., the operating company for the hotel.

Shenker was found suitable for licensing last week after one of the most intensive and controversial investigations on Nevada gaming history. He was able to disprove, to gaming officials' satisfaction, allegations that he had possible links with alleged underworld characters.

Shenker previously was elected to the board and executive committee of Continental Connector Corp., the holding ~~company~~ for M & R Investments.

(Indicate page, name of newspaper, city and state.)
Pg. 2A, St. Louis GLOBE-DEMOCRAT, St. Louis, Mo.

Date: 3/6/75
Edition:
Author:
Editor:
Title: MORRIS A. SHENKER RICO

Character:
or
Classification: SL 183-37
Submitting Office:

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☐ Being Investigated

156-20-320

SEARCHED
SERIALIZED
FILED

CC- 92-2088
156-20
92-828

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NR 027 LA PLAIN

09:54PM NITEL MARCH 10, 1975 JJS

TO DIRECTOR

ST. LOUIS

FROM LOS ANGELES (87-40159)

[redacted] EL AL; DBA EUROVEST, LMT.; ITSP - FBW; RICO; OO:
LOS ANGELES. MORRIS A. SHENKER; RICO; OO: ST. LOUIS.

FOR INFO OF BUREAU, LOS ANGELES HAS SPENT APPROXIMATELY TWENTY HOURS ON FOUR SEPARATE DAYS INTERVIEWING [redacted] AN INDIVIDUAL WITH CONSIDERABLE KNOWLEDGE OF, AND WITH ORGANIZED CRIME FIGURES. ADDITIONALLY [redacted] WAS EMPLOYED BY [redacted] CALIFORNIA, [redacted] VOLUNTARILY APPEARED AT FBI HEADQUARTERS, LOS ANGELES, AND DURING THE INTERVIWS, EXCEPTIONAL RAPPORT HAS DEVELOPED BETWEEN LOS ANGELES INTERVIEWING AGENTS [redacted] AND [redacted] AND [redacted] HAS INDICATED A WILLINGNESS TO BE INTERVIEWED CONCERNING HIS KNOWLEDGE OF MORRIS A. SHENKER CONCERNING THE DISBURSEMENT OF UNION FUNDS OBTAINED BY SHENKER FOR THE MURRIETA HOT SPRINGS

FORM 0-1

DATE RECEIVED 4/7/75

DATE REPLIED 4/9/75

REPORT BY 4/25/75

156-20-321

SEARCHED INDEXED

SERIALIZED FILED

MAR 1 0 1975

FBI - ST. LOUIS

ORG. IN 183-37

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COMPLEX AND ADDITIONALLY INDICATED HE WAS A SHAREHOLDER IN SIERRA CHARTER, A LAND DEVELOPMENT IN NEVADA, INVOLVING SHENKER AND OTHERS.

LOS ANGELES STRIKE FORCE ATTORNEY [redacted] IS HANDLING THE EUROVEST MATTER. [redacted] STATED HE COULD FORESEE NO COMPLICATIONS ARRSING FROM ADDITIONAL INTERVIEWS OF [redacted] RE SHENKER'S ACTIVITIES. [redacted] CONTACTED LOS ANGELES STRIKE FORCE ATTORNEY [redacted] WHO IS HANDLING THE SIERRA CHARTER MATTER IN NEVADA AND [redacted] REQUESTS THAT [redacted] BE INTERVIEWED.

BUREAU REQUESTED TO AUTHORIZE TRAVEL OF ST. LOUIS CASE AGENT INVESTIGATING SHENKER TO LOS ANGELES TO ASSIST IN THE INTERVIEW OF [redacted] DUE TO THE EXTREME COMPLEXITY OF THE VARIOUS LAND AND FUND TRANSACTIONS IN BOTH CALIFORNIA AND NEVADA.

END

FBISL KCM CLR/TU

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/26/75

A Federal Grand Jury subpoena duces tecum was served upon [redacted] This subpoena called for [redacted]

The subpoena was returnable on February 26, 1975; however, [redacted] stated that he would turn [redacted] over to a Special Agent of the Federal Bureau of Investigation in lieu of appearance before a Federal Grand Jury.

Interviewed on 2/20/75 at St. Louis, Missouri File # SL 156-20-322

by SA [redacted]:kmt Date dictated 2/24/75

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription January 23, 1975

[redacted] California, telephone number [redacted] supplied the following information:

He was previously the owner of [redacted] acres of land in [redacted] This land was officially described as follows:

[redacted]

After he purchased this land several years ago, other land developers started buying property around his and started to develop the area. He was interested primarily in keeping his land as an investment but soon found that he was being surrounded by these developers.

On a date unrecalled by him, he was approached by an individual named [redacted] who attempted to negotiate a purchase of the land from [redacted] He subsequently sold this land in early July of 1969, through [redacted] to Title Insurance and Trust Company, San Diego, California, who was acting for an unknown person under holding agreement number 90. This sale was handled by Title Insurance and Trust Company under escrow number [redacted]

Prior to the sale of this land, the mortgage holder on the land was held by [redacted] telephone number [redacted]

Interviewed on 1/16/75 at San Diego, California File # SL 156-20 -223

by SA [redacted] :pdp Date dictated 1/21/75

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription January 23, 1975

[redacted] telephone [redacted] advised as follows:

He currently holds a mortgage on a parcel of property in the [redacted] County which is described as follows:

[redacted]

The owner of record of this property is currently a company known as BAI, Incorporated. BAI acquired the property in late December, 1971, from Title Insurance and Trust Company which had been acting as the owner of record for an unknown person under some type of trust arrangement.

As of December 11, 1971, the balance outstanding on the purchase price of the property under the Title Insurance Company trust arrangement was $15,330.87. Payments were to be made at the rate of $125 per month; however, the payment record has always been extremely bad.

The balance due on the property as of January 10, 1975, was $13,365.14.

Interviewed on 1/16/75 at San Diego, California File # SL 156-20 324

by SA [redacted] :pdp Date dictated 1/21/75

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription January 23, 1975

[redacted], Real Estate Loan Department, Security Pacific National Bank, 1200 Third Avenue, San Diego, California, supplied the following information:

Her firm holds the mortgage on a parcel of real estate described as follows:

[redacted]

As of December 29, 1971, the owner of record of this property was [redacted] as Trustee in Bankruptcy of the estate of Crestview Heights, Inc., a California corporation". A deed of trust dated July 20, 1970, secured a note in the amount of $800,000 on this property.

As of December 29, 1971, the balance due on this note was $443,922.82.

On December 31, 1971, this note was paid off by funds received from Title Insurance and Trust Company from their file number [redacted]

Security Pacific National Bank file number on this loan is [redacted]

Interviewed on 1/21/75 at St. Louis, Missouri File # SL 156-20 - 325

by SA [redacted] :pdp Date dictated 1/21/75

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/3/75

Photostatic copies of [redacted] were obtained from [redacted] pursuant to a Federal Grand Jury subpoena which had previously been served upon him. A review of these records revealed the following documents and information contained therein:

[redacted]

[redacted]

[redacted]

[redacted]

Interviewed on 2/27/75 at St. Louis, Missouri File # SL 156-20 324

by SA [redacted] :kmt Date dictated 2/28/75

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SL 156-20
TRP:kmt

SL 156-20
TRP:kmt

SL 156-20
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SL 156-20
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SL 156-20
TRP:kmt

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SL 156-20
TRP:kmt

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription January 20, 1975

[redacted]

Title Insurance and Trust Company, 3490 10th Street, Riverside, California, telephone [redacted] supplied the following information:

[redacted] Both of these companies were jointly owned by IRVIN KAHN and MORRIS SHENKER.

He recalls that the Mission Hills loan was for 5.5 million dollars and certain parcels of real estate in the Palm Springs area including the Mission Hills Country Club were pledged as collateral to the Pipefitters for this loan.

At the time the loan was granted, his office handled the escrow and title aspects of the transaction. During this transaction a title insurance policy was issued to the Pipefitters from which had been deleted all references to a lien on the property recorded in the Riverside County Recorder's Office on March 30, 1972, under Recorder's number [redacted] This lien was originally in an amount of 2.9 million dollars; however, it had been reduced to $500,000 at the time of the Pipefitters loan.

[redacted] further advised that this same property was also used to collateralize several other loans to Security Pacific Bank and Union Bank but apparently the loans were not secured by deeds of trust on the property.

The Mercantile lien was reconveyed to Mission Hills on March 20, 1974, under Riverside County Recorder's number [redacted]

[redacted]

Interviewed on 1/15/75 at Riverside, California File # SL 156-20-327

by SA [redacted] TRP:pdp Date dictated 1/17/75

is that IRVIN KAHN requested the write-over and handled the partial assignment of escrow funds. [redacted] stated that he does not recall any specific conversations regarding the Mercantile Bank lien at the closing of the Mission Hills-Pipefitters loan but he does recall MORRIS SHENKER personally being present at the closing. Both IRVIN KAHN and SHENKER played an equal role in representing Mission Hills at this closing and both were making the decisions for their side of the transaction. Based on this fact, [redacted] feels that there is no way at all that SHENKER could not have known about the write-over of the Mercantile lien.

[redacted] stated that he recalls learning at some point in time that Mercantile Bank had the lien on this property before KAHN and SHENKER acquired the property. He had also heard that the prior owners were a group of businessmen from St. Louis, Missouri, who had been involved with SHENKER in other business transactions. KAHN and SHENKER acquired Mission Hills through an exchange of stock between them and the St. Louis group.

[redacted] stated that he also recalls a $5,000,000 loan from the Pipefitters to Murietta Hot Springs that was handled by his office and that this loan also involved some write-overs. The write-overs were necessitated by the fact that Murietta wanted to try and negotiate a discounted pay-off on the prior liens on the property before making such a pay-off. The money from the Pipefitters Pension Fund loan was held by TI for a short period of time until these discounts were arranged. In the mean time, TI issued a title insurance policy to the Pipefitters deleting any references to these existing liens, thus indicating that the liens had been paid off when, in fact, they had not.

[redacted] recalled MORRIS SHENKER playing a leading role in these write-overs relating to the Murietta loan because SHENKER was the one who personally dictated that the money was to be held by TI until a reduction in the existing liens could be negotiated. SHENKER also instructed [redacted] to place the Pipefitters funds in a bank designated by

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SL 156-20

SHENKER and to hold it there until the above-described discounts were arranged. [redacted] also recalled that [redacted] would send over a written escrow instruction relating to each of the above orders by SHENKER confirming SHENKER's oral instructions.

[redacted] stated he does not recall whether or not SHENKER originally requested these write-overs, or whether IRVIN KAHN did, but SHENKER obviously knew of the write-overs because of the above-mentioned information. Additionally, SHENKER was always personally present at the closing of the Pipefitters loans and was very actively involved in the management of Murietta Hot Springs.

[redacted] further stated that he had never been involved in write-overs such as these prior to getting involved with SHENKER and KAHN. [redacted] He learned from [redacted] that write-overs were a common practice in the San Diego office as an accomodation to SHENKER and KAHN and [redacted]

[redacted] policy at the present time relating to write-overs is to include all of the prior liens in the title insurance policy and then attach an endorsement to the policy to show that TI will back up the policyholder against the additional risk of the prior liens.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/24/75

[redacted] was contacted at the offices of [redacted] whereupon he was advised that he was being re-interviewed regarding procedures known as write overs [redacted] (TI) in San Diego, California. Prior to any questioning, [redacted] was advised of his legal rights and provided with an Advise of Rights and Waiver form which he signed. After waiving his rights in this matter, he supplied the following information:

[redacted], he formed the opinion that SHENKER was the "money man" who was the direct link between KAHN and the Teamsters Union and Pipefitters Union Pension Funds who have made multi-million dollar loans to KAHN and SHENKER.

[redacted]

He vividly recalls both KAHN and SHENKER being personally present at all of the loan closings on the Pipefitters Union loans to them. At these closings whenever any problem came up, KAHN and SHENKER would leave the room and carry on a private discussion in the hallway and then return to the room where the closing was being held with a decision as to how a particular problem would be solved.

[redacted]

Interviewed on 1/21/75 at San Diego, California File # SL 156-20-328

by SA [redacted] TRP:kmt Date dictated 1/23/75

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SL 156-20
TRP:kmt

After further discussion regarding this matter with the interviewing Agents, [redacted] admitted that engaging in this practice would be similar to a "non-cash rebate" to keep KAHN's business at TI and served no other purpose.

[redacted]

[redacted] was then questioned regarding [redacted]

[redacted]

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[redacted] after a Federal Grand Jury subpoena had been served upon [redacted] in early 1974.

SL 156-20
TRP:kmt

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[redacted] stated that he is not sure, but he may have called [redacted] when the above described Federal Grand Jury subpoena was served upon [redacted] further advised that he may have [redacted]

[redacted] further stated that shortly after KAHN died in September of 1973, [redacted]

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Upon conclusion of this interview [redacted] stated that the whole write over procedure could possibly be construed as a defrauding of the Pipefitters; however, he personally considered it more of a business risk assumed by TI rather than a fraudulent activity.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1-27-75

[redacted] Deputy Attorney General, State of California, 110 West A Street, Suite 600, San Diego, California, telephone [redacted] supplied the following information:

California Civil Code Section 3369 prohibits deceptive business practices by corporations doing business in the State of California.

Sections 1572 and 1573 of the California Civil Code cover actual and constructive fraud definitions as used in civil proceedings within the State of California.

California Penal Code, Section 484 through 502 prohibits criminal fraud, grand theft and the obtaining of money under false pretenses.

After [redacted] provided the above information, interviewing Agents explained to him the procedure known as "write-overs" alleged to be a common practice in the title insurance business in southern California. It was explained to [redacted] that this procedure involved the concealment of existing deeds of trust on certain parcels of real estate from a potential new lender of monies wherein the same property would secure the new loan. It was further explained to [redacted] that in carrying out this practice, a title insurance company would delete all references to the existing deeds of trust from its title insurance policy and thus lead the new lender to believe that he holds a first deed of trust on the property as security on his loan.

[redacted] stated that without knowing more specific details, he could not render a definite opinion as to the legality or illegality of this practice; however, it appeared to him that this could constitute a violation of statutes prohibiting the obtaining of money under false pretenses as well as being covered by the other civil and criminal statutes provided above.

Interviewed on 1-20-75 at San Diego, California File # SL 156-20-329

by SA [redacted] SS Date dictated 1-23-75

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1-27-75

[redacted] San Diego, California, telephone number [redacted] was advised of the identity of the interviewing Agents and the fact that he was being contacted regarding his knowledge of certain real estate transactions involving MORRIS A. SHENKER, [redacted] supplied the following information:

[redacted]

[redacted] explained that a holding agreement is similar to a trust agreement wherein TI acted as a "straw party" for SHENKER on the title to the property.

[redacted] stated that KAHN was not involved in these transactions except on a very limited basis and the properties purchased under these holding agreements were strictly for SHENKER. [redacted] stated that [redacted]

[redacted] stated that he recalls that most of the properties purchased by SHENKER were clear at the time of

Interviewed on 1-20-75 at San Diego, California File # SL 156-20 -330

by SA [redacted] SA [redacted] ss Date dictated 1-23-75

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purchase and that the original owners would take a note for the purchase price and then create a first deed of trust either with SHENKER or with TI under the holding agreement which SHENKER had previously signed.

[redacted] stated that SHENKER would always be aware of the note and the deeds of trust created to secure the note because he would be involved in signing same or would sign the holding agreement allowing TI to hold the title to the property. [redacted] stated that SHENKER may not have been personally aware of what the exact property looked like or where it was but would always definitely know that he had signed notes or deeds of trust or holding agreements relative to same. [redacted]

[redacted] stated that [redacted]

[redacted] stated that [redacted]

Upon conclusion of this interview, [redacted] stated that he has been a [redacted] for approximately [redacted] and resides at [redacted] telephone [redacted]

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1-27-75

[redacted], California State Insurance Board, 1350 Front Street, San Diego, California, supplied the following information:

[redacted] He explained that the California Insurance Board is the regulatory agency over all title insurance companies in the State of California.

The interviewing Agents then explained to [redacted] a procedure known as "write-overs" wherein a title insurance company would issue a title insurance policy to a mortgage holder deleting any references whatsoever to existing deeds of trust on the parcel of real estate covered under the title insurance policy. It was further explained to [redacted] that representations have been made by certain individuals in the title insurance business in the San Diego area that this procedure is relatively common and is a means through which a title insurance company could adequately compete with other title insurance companies for business.

[redacted] stated that as he understood the explanation of this procedure as presented to him by the interviewing Agents, it would appear that such a practice would be in violation of state insurance regulations; however, he could not render a specific opinion on this. He stated, however, to his knowledge, this is not a common practice in the title insurance business and it would appear to be a form of a "non-cash rebate" to a customer of the title insurance company inasmuch as the company is providing an additional service to the customer on a non-reimbursed basis in order to obtain that customer's business.

[redacted] stated that in August 1974, the California State Insurance Commissioner had levied cash penalties against several title insurance companies in the state for giving cash rebates to their customers. These rebates were in the form of lavish entertainment expenses being expended by the companies on their customers as well as cash rebates

Interviewed on 1-20-75 at San Diego, California File # SL 156-20 331

by SA [redacted] SA [redacted] ss Date dictated 1-23-75

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SL 156-20

to certain customers in return for their business.

[redacted] went on to state that Title Insurance and Trust Company (TI), the largest title insurance company in the nation, had been fined $125,000 for engaging in the above rebate practices. In addition, it was found that the Title Insurance and Trust Company had deposited funds in the bank to serve as a compensatory balance for a loan to a realtor in order to induce the realtor to steer title business to TI. [redacted] stated that both the giving and receiving of a rebate is a misdemeanor and if a company persists in such a violation after having been ordered to stop, they could be put out of business.

[redacted] stated that the individual who would be most knowledgeable regarding the state insurance regulations governing the title insurance business would be [redacted] who is the [redacted] in California [redacted] is currently employed as the [redacted] California. [redacted] was the individual who initially wrote the insurance regulations relative to the title insurance business and has been in charge of numerous major investigations of title companies.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription January 27, 1975

[redacted] Title Insurance and Trust Company, 401 Civic Center Drive West, Suite 660, Santa Ana, California, telephone number [redacted] was advised of the identities of the interviewing Agents as well as the fact that he was being contacted regarding a procedure known as "write-overs" which had been utilized by his company in San Diego, California. [redacted] supplied the following information:

Title Insurance and Trust Company is one of the largest title companies in the country and is a subsidiary of the TI Corporation, which is listed on the New York Stock Exchange as a publicly held company.

His company has no official policy regarding write-overs which he described as a procedure wherein a title insurance policy will be issued with deletions having been made from it of any prior existing liens or deeds of trust on a particular piece of property. He described write-overs as a business risk which his company must assume in order to effectively compete for title insurance business in southern California.

[redacted] stated that if some problems developed on these write-overs, his company would have to honor its title insurance policy and either buy off the prior liens or reimburse the insured for any loss which was suffered.

[redacted] stated that in some cases where write-overs were utilized, his company may obtain an indemnity agreement from the party requesting the write-over. He emphasized, however, that this depended on the loan situation as well as the chance of a loss occurring.

[redacted] stated that in each of TI's larger offices, of which the San Diego office is one, the office manager can make the decision as to whether there will be a write-over. The only restriction on the office manager is a $10,000,000 ceiling on the issuance of a title insurance policy upon his own authority. Anything above that would have to involve approval from top company management.

Interviewed on 1/17/75 at Santa Ana, California File # SL 156-20 332

by SA [redacted] TRP:pdp Date dictated 1/23/75

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SL 156-20

[redacted] stated that the regulatory agency over title insurance companies in California is the California State Insurance Commissioner. However, he is not personally aware of any specific regulations prohibiting write-overs.

[redacted] stated that the operating affiliate of TI in Missouri is Pioneer National Title Company. However, he does not know whether that company utilizes the write-over procedure.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1-27-75

[redacted] Safeco Title Insurance Company, Third Avenue at A Street, San Diego, California, telephone [redacted] supplied the following information:

His company is the second largest title insurance company in the San Diego area, being surpassed by only Title Insurance and Trust Company (TI).

He is familiar with a procedure known as "write-overs" and is aware of the fact that some title insurance companies might engage in this practice on a very limited basis. He stated that his understanding of this procedure is that the title insurer would delete any reference to certain liens on a particular parcel of real estate from the title insurance policy. He stated, however, that his understanding is that the companies that have engaged in this procedure in the past are only doing it on small mechanics liens or tax liens and it is highly uncommon for anyone to delete any reference to a deed of trust. He further stated that his understanding is that when a mechanics lien or tax lien is "written-over", the normal procedure is to point this fact out to the person receiving the new title insurance policy and obtain a written document from the lender acknowledging that he has been advised of that fact and that he understands what has been done.

[redacted] explained that if this procedure were not followed, the title insurance company could be engaging in fraud against the new lender.

[redacted] stated that this "write-over" procedure is not a common practice with his company even though the title insurance business is extremely competitive. He was then asked if, in his expert opinion, it would be a common procedure for a title insurance company to write over one million dollars worth of deeds of trust in order to insure a new deed of trust securing a note in the amount of six million dollars. [redacted] replied that to do so would be "financial suicide" and that he does not know

Interviewed on 1-20-75 at San Diego, California File # SL 156-20-334

by SA [redacted] ss Date dictated 1-23-75

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of any company that would engaged in a write-over to this extent. He also added that if this was done and the new lender was not aware of same, he would feel that the new lender was being defrauded into thinking that he had a first deed of trust when that was not the case. He also reiterated the fact that if a write-over procedure is utilized on a small lien, it is bordering on fraud if the lender is not told about the write-over.

In conclusion, [redacted] stated that if a title insurance company were to write-over a deed of trust, the proper way to do it would be to advise both deedholders of what was desired and then get the first deedholder to subordinate the deed to the new deed of trust being issued.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription January 27, 1975

[redacted] was interviewed at his office, 3010 Cowley Way, San Diego, California, in the presence of his Attorney, [redacted] supplied the following information:

He was personally aware of the fact that a procedure known as "write-overs" had been utilized by Title Insurance and Trust Company (TI) in the handling of a series of loans from the Pipefitters Union Local 562 Pension Fund in St. Louis, Missouri, to three companies owned by the late IRVIN J. KAHN and MORRIS SHENKER. [redacted] stated that he was aware of this matter in view of the fact that [redacted] explained that his understanding of the write-over was that TI deleted any reference to prior existing deeds of trust on certain parcels of real estate which were being used as collateral for the Pipefitters loans. These deletions were made from the title insurance policy provided to the Pipefitters.

[redacted] stated that each of these loans was arranged by KAHN and SHENKER personally with the Pipefitters; however, KAHN had no direct relationship to the Pipefitters prior to meeting SHENKER. In addition to KAHN and SHENKER, another employee of Mureitta Hot Springs named [redacted] was also involved in the loan negotiations.

[redacted] stated that his recollection is that the majority of the write-overs were involved with the BAI loan for 6.5 million dollars. He stated that he recalls the fact that BAI gave an indemnity agreement to TI agreeing to reimburse TI for any losses it may suffer as a result of the write-overs. At this point, [redacted] was shown a copy of this indemnity agreement [redacted]

Interviewed on 1/17/75 at San Diego, California File # SL 156-20-335

by SA [redacted] SA TRP:pdp Date dictated 1/23/75

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In relation to the above-described write-overs, [redacted] stated that [redacted]

[redacted] stated that it is his opinion that SHENKER was probably aware of all of the write-overs on the Pipefitters loans because SHENKER was the one primarily responsible for obtaining these loans and he thus would have had to know what the security for the loans was going to be as well as any encumbrances against same.

no idea as to whether or not BAI would have been financially capable of backing up this indemnity agreement should same become necessary. [redacted] stated that only KAHN, SHENKER and [redacted] would have known for sure if BAI could have financially backed the indemnity agreement. He stated that [redacted] was the individual who was in charge of most of the accounting and auditing procedures for KAHN and SHENKER. [redacted] stated that he does specifically recall, however, the fact that SHENKER always received any financial reports relating to any of the companies with which he (SHENKER) became involved. He further stated that SHENKER did not become personally involved with any of KAHN's companies at first but starting in approximately 1970, SHENKER becam e directly and personally involved in the companies which he co-owned with KAHN, especially Murietta Hot Springs.

[redacted] stated that as time went on SHENKER in affect took over complete control of Murietta Hot Springs and in 1972 moved [redacted] to Murietta and she was subsequently [redacted]

[redacted] stated that another company which received a Pipefitters loan was Mission Hills Enterprises, which was a country club located near Palm Springs, California, and which was jointly owned by KAHN and SHENKER. [redacted] of SHENKER's law office in St. Louis handled most of the business transactions relating to Mission Hills on behalf of KAHN and SHENKER.

[redacted] stated that he recalls that there was also a write-over of a deed of trust to Mercantile Bank in St. Louis on the Mission Hills-Pipefitters loan. He said he does not know the details of same but [redacted] and [redacted] should be able to give more details.

[redacted] was also questioned regarding any write-overs on BAI, Inc., and he replied that he recalls that there were write-overs on these properties; however, he does not have any personal knowledge of the details of same. He stated that he does recall, however, the fact that SHENKER owned some of these properties prior to them being pledged to the Pipefitters to collateralize the loan to BAI. [redacted] stated that [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1-27-75

[redacted] Land Title Insurance Company, 1330 Fourth Avenue, San Diego, California, telephone [redacted] supplied the following information:

He is familiar with the term known as "write-overs" and understands this term to apply to the issuance of a title insurance policy to a lender with deletions having been made of any reference to certain mechanics liens or tax liens outstanding against the property. He stated that it is very uncommon for the "write-over" procedure to be used in relation to prior deeds of trust. However, when this is done, the lender is always made aware of the "write-over". Additionally, a letter is obtained from the lender stating that he understands that a certain lien is being omitted from the title insurance policy and is agreeable to this being done.

[redacted] stated it would be ethically and contractually improper to engage in this procedure without bringing it to the attention of the lender.

Upon conclusion of this interview, [redacted] stated that the ethics of the title business are governed by statutes promulgated by the California State Insurance Board as well as ethical standards set by the California Land Title Association. An individual named [redacted]

Interviewed on 1-20-75 at San Diego, California File # SL 156-20-336

by SA [redacted] SS Date dictated 1-23-75

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SL 156-20
TRP:gas

AT ST. LOUIS, MISSOURI

On April 1, 1975, St. Louis Strike Force Attorney [redacted] advised that Federal Grand Jury subpoenaes had been issued that date for the following [redacted]

1. [redacted]
2.
3.

[redacted] stated that each of the above subpoenaes called for appearance by these individuals before the Federal Grand Jury on April 23, 1975.

[redacted] further advised that they would be questioned relating to statements they had previously provided to Special Agents of the FBI relating to [redacted]

156-20-337

SEARCHED INDEXED
SERIALIZED FILED

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FD-263 (Rev. 1-7-72)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
ST. LOUIS	ST. LOUIS	4/25/75	1/14/75 - 4/23/75

TITLE OF CASE	REPORT MADE BY	TYPED BY
MORRIS A. SHENKER, aka; ET AL	SA [redacted]	gas
	CHARACTER OF CASE: WPPDA; PERJURY; OOJ; FBW	

REFERENCE: St. Louis report of SA [redacted] dated 1/7/75.

- P -

ADMINISTRATIVE:

Investigation conducted by St. Louis case Agent in other Divisions was accomplished with Bureau permission.

St. Louis Strike Force Attorneys have advised that they feel that MORRIS SHENKER, [redacted] and [redacted] [redacted] are presently indictable under this matter for violation of FBW and OOJ Statutes. They have based this opinion on facts set forth in details of this report and prior reports indicating SHENKER and the late IRVIN J. KAHN made false

ACCOMPLISHMENTS CLAIMED ☒ NONE					ACQUIT-TALS	CASE HAS BEEN:
CONVIC.	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR ☒ YES ☐ NO PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☐ NO

APPROVED WP SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

156-20-338

COPIES MADE:
3 - Bureau (156-557)
1 - USA, St. Louis
1 - AIC, St. Louis Strike Force, Attn: [redacted]
1 - San Diego (156-5) (Info)
1 - Los Angeles (156-76) (Info)
2 - St. Louis (156-20)

Dissemination Record of Attached Report				
Agency				
Request Recd.				
Date Fwd.				
How Fwd.				
By				

representations to the Pipe Fitters Union Pension Fund Trustees in order to obtain a $6.5 million loan for BAI, Inc., which was owned by SHENKER and KAHN. These false representations involved leading the Pension Fund Trustees to believe that they would receive a first deed of trust on certain parcels of real estate allegedly owned by BAI which was to be used as collateral for the Pension Fund loan. Investigation has indicated that both SHENKER and KAHN knew at the time that these parcels of real estate were encumbered by other liens. Some of these liens were for the benefit of SHENKER, who held ownership to the property under a "straw party" agreement wherein Title Insurance and Trust Company, San Diego, acted on his behalf regarding those properties.

As set forth in details, the Pipe Fitters Trustees have stated that they would not have granted this loan had they known that they were receiving something less than a first deed of trust on this property. After they granted the loan, however, the loan proceeds were transmitted via wire transfer from St. Louis to San Diego. As set out in previous reports, [redacted]

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Report being submitted at this time in lieu of LHM in view of complex nature of case and to facilitate transmittal of investigative details to St. Louis Strike Force Attorneys.

LEADS

LOS ANGELES DIVISION

AT LOS ANGELES, CALIFORNIA

Information copy being provided due to anticipation of additional investigation to be conducted within your Division.

SL 156-20

SAN DIEGO DIVISION

AT SAN DIEGO, CALIFORNIA

Information copy being provided due to anticipation of additional investigation to be conducted within your Division.

ST. LOUIS DIVISION

AT ST. LOUIS, MISSOURI

1. Will continue review of [redacted]

2. Will conduct necessary investigation, including review of [redacted] b3 b6 b7C

3. Will obtain Federal Grand Jury subpoena for [redacted]

4. Will conduct logical investigation to locate [redacted] for interview regarding his knowledge of use of Pipe Fitters loan proceeds at Murietta Hot Springs. b6 b7C

5. Will maintain contact with St. Louis Strike Force Attorney [redacted] re this matter.

C*
COVER PAGE

FD-204 (Rev. 3-3-59)

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - United States Attorney, St. Louis
1 - Attorney in Charge, St. Louis Strike Force

Report of: SA [redacted] Office: ST. LOUIS
Date: April 25, 1975

Field Office File #: SL 156-20 Bureau File #: 156-557

Title: MORRIS A. SHENKER, aka;
ET AL

Character: WELFARE AND PENSION PLANS DISCLOSURE ACT; PERJURY; OBSTRUCTION OF JUSTICE; FRAUD BY WIRE

Synopsis: Interviews of two former officials of BAI, Inc. at San Diego, California reveal that MORRIS SHENKER was previous owner of parcels of real estate to collateralize Pipe Fitters Pension Fund loan and thus, SHENKER possibly aware of fact that properties encumbered by prior liens before same used to collateralize Pipe Fitters loan. Details of [redacted] Interview of Title Insurance and Trust Company official in San Diego revealed that his company acted as "straw party" for SHENKER in holding title to above described real estate. [redacted] re-interviewed at San Diego on 1/21/75, at which time [redacted] admitted [redacted] Review of [redacted]

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U. S. GOVERNMENT PRINTING OFFICE : 1970 O - 406-840

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[redacted]

Interviews of Deputy Attorney General and State Insurance Commission officials for the State of California set forth indicating that concealment of existing liens on property in order to obtain additional loans is possible violation of California civil and criminal laws relating to obtaining money under false pretenses. Insurance Commission officials further advised that Title Company concealing such liens from potential new lendor is in violation of California Insurance Code. Interviews of officials of other Title Insurance Companies in San Diego area indicates that concealment of existing liens from potential lendors is not prevalent practice in San Diego area and is considered fraudulent practice. Interviews of attorney and trustees of Pipe Fitters Union Pension Fund set forth wherein they state that they were not aware of prior existing liens on property they accepted as collateral on BAI loan for $6.5 million and would not have granted that loan had they known of the prior liens. Pension Fund Trustees also stated that both SHENKER and KAHN negotiated loans from Pension Fund and both made representations that loans would be secured by first deed of trust. [redacted] subpoenaed before FGJ, St. Louis, on 4/23/75. Newspaper clippings set forth re instant matter. Details of interview set forth with [redacted] regarding [redacted] and his involvement with SHENKER. [redacted] stated that [redacted] helped run Murietta Hot Springs and that SHENKER often carried black briefcase away from Murrietta Hot Springs and would never let anyone touch or see inside of same. She speculated that cash was being transported in this briefcase. She further stated that SHENKER often hosted meetings of top-level hoodlums and Union officials at Murrietta Hot Springs. Investigation continuing.

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Details:

SL 156-20

I. INVESTIGATION REGARDING PRIOR LIENS ON BAI, INC. PROPERTY

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription January 23, 1975

[redacted] telephone [redacted] advised as follows:

He currently holds a mortgage on a parcel of property in the [redacted] of San Diego County which is described as follows:

[redacted]

The owner of record of this property is currently a company known as BAI, Incorporated. BAI acquired the property in late December, 1971, from Title Insurance and Trust Company which had been acting as the owner of record for an unknown person under some type of trust arrangement.

As of December 11, 1971, the balance outstanding on the purchase price of the property under the Title Insurance Company trust arrangement was $15,330.87. Payments were to be made at the rate of $125 per month; however, the payment record has always been extremely bad.

The balance due on the property as of January 10, 1975, was $13,365.14.

Interviewed on 1/16/75 at San Diego, California File # SL 156-20

by SA [redacted] :pdp Date dictated 1/21/75

SL 156-20

II. INVESTIGATION REGARDING PRIOR LIENS ON MISSION HILLS ENTERPRISES PROPERTY

SL 156-20

III. INVESTIGATION REGARDING LEGALITY OF CONCEALING DEEDS OF TRUST

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SL 156-20
TRP:gas

AT SAN FRANCISCO, CALIFORNIA

The following letter and documents were received by the San Francisco Division of the Federal Bureau of Investigation:

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IV. INTERVIEWS OF PIPE FITTERS UNION LOCAL 562 PENSION FUND OFFICIALS

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SL 156-20
TRP:gas

AT ST. LOUIS, MISSOURI

On April 9, 1975, a Federal Grand Jury subpoena was served upon [redacted] by SA [redacted]

On April 15, 1975, Federal Grand Jury subpoenaes were served by SA [redacted] upon [redacted]

On April 23, 1975, the above individuals appeared before the Federal Grand Jury at St. Louis and testified pursuant to the above described subpoenaes.

V. MISCELLANEOUS INVESTIGATION

SL 156-20

The following newspaper articles relating to this matter are set forth for information purposes:

SC 156-20

(Mount Clipping in Space Below)

Grand Jury Subpoenas Shenker Land Records

Records of the Title Insurance & Trust Co. of San Diego concerning all land transactions involving Morris A. Shenker, St. Louis criminal attorney, and the late Irvin J. Kahn have been subpoenaed for examination by a federal grand jury here.

Federal officials here declined to comment on the grand jury's inquiry. It apparently is looking into Shenker's land development ventures in southern California.

Rex Shroder, Federal Bureau of Investigation agent in charge at San Diego, announced yesterday that the warrant had been serv d. He said that under it th Title Insurance & Trust Co. must turn over records of all escrow accounts it handled involving Shenker and Kahn. Kahn died in 1973.

Shroder said the grand jury here is investigating possible fraud or misuse of funds of St. Louis Pipefitters Union, Local 562.

Shenker was instrumental in Kahn obtaining a total of $120,000,000 in loans from the Teamsters' Chicago-based Central States, Southeast and Southwest Areas Pension Fund. The pension fund's claim against Kahn's estate was settled a year ago, when it was given full control of Kahn's Penasquitos Corp., the company that operated his major building projects.

At the same time, Shenker obtained full ownership of three companies he had owned jointly with Kahn: B.A.I., Inc., Murietta Hot Springs, Inc., and Shelter Island Hotel Corp.

St. Louis Post Dispatch, 1/16/75

SC 156-:20

(Mount Clipping in Space Below)

Shenker Blames Partner For Some Deals

By ROY MALONE
Of the Post-Dispatch Staff

CARSON CITY, Nev., Jan. 29 — The late Irvin J. Kahn, who was Morris A. Shenker's business partner, was named by Shenker repeatedly yesterday as being responsible for certain business decisions being questioned by the Nevada Gaming Control Board. Kahn died in 1973. Shenker testified for 10 hours before the board here.

It was the third day of hearings on Shenker's application for a gaming license. Once again there was not enough time to answer all the board's allegations against him. After an intensive investigation of the lawyer-businessman from St. Louis, gaming authorities said they found evidence of unethical business practices and questionable associations.

The hearing continued today. The board has said it will rule by Feb. 19. The five-member Gaming Commission will then review the board's recommendations and make its own decision.

Shenker is seeking a license to operate the Dunes Hotel and Casino at Las Vegas, and also to make a tender offer to acquire the controlling shares of the Dunes, parent firm, Continental Connector Corp.

The hearing yesterday began with Shannon Bybee Jr., a board member, telling a crowd of 100 persons that Shenker's parade of 27 character witnesses on Jan. 16 did not lead the board to believe "there's only one viewpoint on Morris Shenker. That would not be in keeping with reality."

Bybee said that although the board had given ample weight to the testimonials by Shenker, it learned also there are some witnessed who declined to appear and others who have negative views and are unwilling to state them publicly.

"Not everyone agrees that Mr. Shenker is the kind of person who should be granted a gaming license in Nevada," Bybee said.

The board had questioned Shenker's role in a transaction in which the pension and welfare funds of Pipefitters Local 562 in St. Louis bought $900,000 worth of Swiss Enterprise, Inc., bonds in 1970. They were sold by Edward A. White, a stock broker who was also a business associate of Shenker, but the bonds turned out to be fictitious.

On May 17, 1971, the union demanded an explanation from White on why interest was not paid. On that same date Shenker and Kahn applied for a $6,000,000 loan from the union for B.A.I., Inc., a jointly owned San Diego firm.

On Dec. 27, 1971, the pipefitters approved a $6,500,000 loan to B.A.I., and on the next day the firm bought the Swiss Enterprise bonds from the union for $540,000 — the same amount paid for them by the Pipefitters local.

Shenker told the board, "I did not know of Ed White's selling bonds to the pipefitters."

He said he had been unaware of the whole transaction and the union apparently later asked Kahn to buy the bonds. Kahn handled the purchase for B.A.I., Shenker said. He added: "He was the boss. He signed the checks. It was done. What could I do?"

Shenker said he was unaware that the bonds were worthless when B.A.I. bought them.

Philip P. Hannifin, board chairman, said the events appeared somewhat suspicious, given the fact that Shenker represented pipefitter leaders over the years and was influential in determining which political candidates got pipefitter money.

Firms in which Shenker has a financial interest have borrowed $24,000,000 from the pipefitters since 1970, and last fall interest payments were more than $1,000,000 in arrears.

White was fined by the Securities and Exchange Commission and barred from being a stock broker. Shenker said he tried to end his associations with White, especially when the SEC took action.

"I was not a pal of White," Shenker said. "I have no reason to be friendly with White." He said he lost several hundred thousand dollars in investments because of White's brokerage.

Shenker was a partner with Kahn in several land development firms in southern California and Nevada.

"He was probably the smartest land developer in the country," Shenker said. He said Kahn had control of their firms until he died, and his own role was that of investor who was instrumental in arranging financing, such as from the Teamsters and Pipefitters pension funds.

In settlement of Kahn's estate, Shenker acquired full control of several of the firms.

The board had charged that three Kahn-Shenker firms engaged in an alleged "check-kiting" scheme using one check to cover another by making loans to each other, apparently in violation of a loan agreement with the Teamsters pension fund.

The firms were Penasquitos Corp., Murrieta-Hot Springs, and Horizons West, Inc. At the end of each month, through manipulation with checking accounts, the loans would be wiped off the firms' ledgers, only to be reinstated at the start of each new month, gaming agents said.

Shenker said Kahn liked to keep the books balanced to demonstrate he could repay any debts on short notice. "I can't tell you what money went back and forth," he told the board.

St. Louis Post Dispatch, 1/29/75

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Both Shenker and Kenneth L. Unruh, former financial officer for Kahn in Penasquitos, testified they felt that Teamsters pension fund officials were aware of the loan transactions. Unruh had testified Jan. 16 that Shenker also was aware of the transactions because he and Shenker had often discussed the money transfers on the telephone.

Unruh said computerized records of the transactions were available to pension fund representatives, if they knew what to look for. Bernard Mellman, an attorney in Shenker's St. Louis office, said he worked on modification of the Teamsters loan agreement to give Kahn more flexibility in using the loan money. The Teamsters had lent Penasquitos $140,000,000, the board said.

Hannifin asked Shenker whether he could produce any Teamster pension fund officers as witnesses to clear up the question. Shenker said he had tried, but because of various investigations being made of the fund, "They didn't want to come in voluntarily."

The board has charged that a $1,000,000 loan made by Horizons West to Murrieta on Dec. 29, 1972, and then indorsed to Penasquitos was part of the check-kiting scheme. The check was written only $88,000 in the Horizons bank account.

Shenker produced as a witness E. Parry Thomas, chairman of the Valley Bank of Nevada, Las Vegas. Thomas, who is also chariman of Continental Connector Corp., said he authorized the $1,000,000 loan from his bank at the request of Kahn. Thomas said he had also spoken to Shenker about backing the loan.

"They had a commitment from me to cover that check. It was no kite. There was a definite credit understanding on that check," Thomas said.

When asked why Kahn wanted a loan through Horizons West, Thomas said, "He wanted to clear up his year-end balance sheets." When the board asked Thomas whether he could document the loan transaction, on which no interest was collected, he said, "The commitment was oral."

Horizons West was established by Kahn and Shenker as a Dunes subsidiary to deal in decorating and furnishings, only a few months before the loan transaction. Thomas said he objected to the formation of Horizons West and wanted it out of the corporate structure. Shenker said he agreed and arranged to sell Horizons West to an old St. Louis friend and businessman, Morris Shenberg. Shenberg told gaming agents the sale was discussed with him in January 1973, and the board said it appeared the purchase agreement was backdated to Dec. 15, 1972, "in order to avoid disclosure requirements of the SEC."

"If Horizons West had remained a Dunes subsidiary, auditors would have had to disclose the check-kiting scheme," the board said. Shenker said he first discussed the sale of Horizons West with Shenberg in early December 1972, and "at no time did I talk to him about backdating any documents."

The board discussed another Pipefitters Union loan to B.A.I. in which the union specified it wanted a first deed of trust on property put up as collateral, but got a second deed of trust instead.

Donald R. Rochambeau, former manager of the Title Insurance and Trust Co. of San Diego, said Kahn had instructed him to delete in the loan agreement any reference to existing mortgages on the collateral property.

When another official of the title company testified that this was not uncommon, Hannifin and Bybee suggested this was not proper in view of the fact that the pipefitters had specifically instructed they wanted a first mortgage.

Shenker produced an expert witness in Prof. John R. Hetland, who teaches property law at the University of California-Berkeley and is counsel to the California Real Estate Association. Hetland said when there was title insurance on such a loan it filled the same purpose as having a first deed of trust.

FD-350 (Rev. 7-16-63)

SC 156-20

Nevada Panel Favors License For Shenker

By ROY MALONE
Of the Post-Dispatch Staff

CARSON CITY, Nev., Feb. 20 — The Nevada Gaming Control Board yesterday recommended approval of Morris A. Shenker's application for a gaming license to operate the Dunes Hotel and Casino.

The board, in a unanimous decision, said the lawyer-businessman from St. Louis had adequately answered all its allegations of improper dealings and that the record compiled in three months of hearings did not support a finding of unsuitability.

But the board imposed one restriction on Shenker: It made him agree not to use profits of the Dunes for any other businesses or companies in which he has an interest.

Last month, Shenker withdrew an accompanying request for approval to obtain full control of the Dunes parent firm, Continental Connector Corp., through an offer to acquire all shares of the publicly traded firm. The board had questioned the propriety of the move and Shenker's intention to turn Continental Connector, of which he owned 38 per cent, into a privately held corporation.

The vote by the board was 3 to 0. Next Thursday the five-member Nevada Gaming Commission will review the case for final decision. It would take a simple majority for the commission to decide contrary to the board's affirmative recommendation. In most cases, the commission accepts board recommendations.

However, the board's agreement with Shenker excludes the joint venture agreement of last June in which Continental Connector set up a subsidiary to buy more than $5,000,000 over the last four years.

The Dunes is Continental Connector's most profitable subsidary and Shenker plans to expand it through a $40,000,000 loan from the Teamsters Union pension fund.

The action by the board was a reversal of the tough stand it took last Nov. 13 when it said that it found Shenker to have a preponderantly negative public image and that gaming agents found a pattern of questionable business dealings and personal associations.

"We were overwhelmed with positive evidence," Philip P. Hannifin, board chairman, told reporters after the decision was announced.

Another board member, Shannon Bybee Jr., said that, although the hearing record did not support a vote for denial, "I still am not sure that the record offers a complete and accurate picture of Morris Shenker."

"Mr. Shenker's negative public image gives me some concern because, even though it may not be justified, it may still cause Nevada harm." He said that legalized gambling, Nevada's primary industry, has been associated in the public mind with gangsterism and that this could hurt the progress of the industry through restricted financing.

Bybee said that although Shenker "does not enjoy an unblemished public reputation" the state could also be damaged by refusing a license to him "if we were to deny on the vagaries of imagery, unsupported by evidence."

Grant Sawyer, a lawyer and former Democratic governor of Nevada who was hired to represent the Dunes, made a long closing argument

St. Louis Post Dispatch, 2/20/75

character witnesses that Shenker produced showed "the image of the applicant to be the brightest of any who have come before the board."

The board had questioned Shenker's associations with persons of notorious and unsavory reputations. Sawyer noted that none of the persons named was in the board's "black book" of persons not allowed in casinos and, except for these persons, "there are no standards upon which anyone can determine whether a person is indeed undesirable."

An allegation that three firms in California and Nevada in which Shenker had an interest were involved in a "check kiting" scheme (using one check to cover another) to circumvent provisions of a Teamsters loan was countered by Shenker's saying that his partner, the late Irvin J. Kahn, had handled the transactions.

Hannifin said that he talked with a Teamsters Pension fund officer but that the official did not voice any objection to the way the loan money was shuttled between Penasquitos Corp., Horizons West, Inc., and Murietta Hot Springs.

Although Shenker denied knowledge of the transactions, Bybee said of him: "It's like Nixon; it's hard to believe he did not know what was going on."

Shenker was questioned on why he bought a new car in 1947 for Oscar B. Iden, federal chief tax auditor who had worked on a case involving two of Shenker's clients that never was prosecuted. Shenker produced as a witness George Crowley, a former federal revenue prosecutor who said it was his decision not to prosecute.

Shenker said he had bought the car for himself, but didn't like it and sold it to Iden when Iden was passing through St. Louis. The board said Crowley's testimony answered its allegation that the car might have been in consideration for the decision not to prosecute.

On another matter, the board members said they were not satisfied with Shenker's explanation of why he lent $3750 to the late Herbert Freer in 1947 and 1948, when Freer was first assistant United States Attorney in St. Louis.

Testimony disclosed that Freer twice turned down requests by postal autorities for prosecution of gambling operator Charles J. Rich, a former client of Shenker's. The charge against Rich was subsequently filed in East St. Louis but was dismissed by a federal judge there.

Applicants before the gaming board must pay for the cost of investigations. The bill involving Shenker came to $152,000, which the Dunes is paying, Hannifin said.

Officials said the total cost for Shenker to obtain the license would probably be more than $500,000, including attorneys' fees, special audits Shenker had made and transportation costs for witnesses.

FD-56 (Rev. 7-31-63)

SL 156-20

(Mount Clipping in Space Below)

Steamfitter, Shenker land deal under study

By ROBERT H. TEUSCHER
and
MICHAEL MONTGOMERY
Globe-Democrat Staff Writers

Local federal authorities are investigating possible statute violations in a West Coast land deal between Steamfitters Local 562 here and a San Diego firm in which St. Louis attorney Morris A. Shenker was a partner. The Globe-Democrat has learned.

The land transaction is under scrutiny by the federal grand jury in case brought by the Organized Crime Strike Force here.

The Steamfitters, which have made several multimillion dollar loans to business interests of Shenker, had specified having first rights to San Diego property posted as collateral by a Shenker firm for a $6.5 million loan, but were instead given security which was junior to the original mortgage holders, a Steamfitter spokesman said Tuesday.

REACHED in his St. Louis office Tuesday, Shenker said he did not know of the transaction, known as a "write-over" in real estate circles, when it took place in 1971.

"I had nothing to do with the write-over," he said. "I only learned of it after the death of Mr. Kahn (Irvin J. Kahn, Shenker's partner in the firm, died Sept. 10, 1973) when an executive of the title insurance company mentioned it to me," Shenker said.

The insurance company executive testified last month before the Nevada Gaming Commission where Shenker is seeking a casino license that the write-over had been ordered by Kahn and not Shenker.

At the same hearing Shenker produced expert witnesses who testified that the write-over is a common practice and asserted that the title insurance policy protected the Steamfitters against any loss.

HOWEVER, federal authorities are looking into the legality of the transaction in view of federal laws regulating labor unions, The Globe-Democrat has learned.

One source close to the investigation said, "We're just tying up loose ends right now. The investigation should be concluded about April."

The strike force office declined comment on the investigation.

The Globe-Democrat disclosed Tuesday that the grand jury is investigating the financial dealings of Shenker and Sorkis J. Webbe, a St. Louis attorney and powerful Democratic figure, with men who have been charged by other federal agencies.

WEBBE HAS denied any impropriety in his business or professional dealings.

Recently key figures besides Shenker and Webbe have appeared before the grand jury. They are:

Samuel Ray Calabrese, of Las Vegas and Los Angeles, currently under federal indictment for alleged bank fraud in Kentucky.

Jack Catain Jr., named with Calabrese in a Securities and Exchange Commission (SEC) complaint for irregularities involving a West Coast film studio. Catain later

St. Louis Globe Democrat, 2/26/75

consented to an injunction in the case without admitting guilt.

EDWARD A. WHITE, a former St. Louis stock broker who lost his SEC license after becoming involved with the sale of allegedly fraudulent debentures issued by a company in Switzerland.

Ivan A. Ezrine, a former New York attorney, convicted of one felony and presently awaiting trial on federal charges of organized racketeering. Ezrine has represented White and Calabrese.

Shenker denied any association with Ezrine and has said he has not been in business with Calabrese and Catain.

Another key figure who has appeared before the grand jury is Harry Craig, an attorney for the Steamfitters.

The $6.5 million loan from the Steamfitters Pension Fund was made Dec. 28, 1971, to B.A.I., Inc., a San Diego corporation which owns bowling alleys and other properties, according to California records. The firm was owned jointly at the time by Shenker and Kahn, records show.

TO PROTECT its loan, the Steamfitters required a title insurance policy giving them priority over other persons who already held mortgages on property posted as collateral.

To comply with the request, B.A.I. directed the title insurance company to use $3 million of the loan to pay off the other mortgage holders, thereby giving the Steamfitters first rights to the property in the event of default, Nevada investigators said.

However, B.A.I.'s directions to the insurance company were later changed and the company was told not to pay off other mortgage holders which, in effect, reduced the rights of the Steamfitters, investigators said.

The Steamfitters were not aware of this transaction and thought they had first rights, Craig said Tuesday.

Craig added that there was no possibility of loss to the pension fund because the titles have been insured for their full value by the largest firm in California.

THERE IS a strong possibility, however, according to federal sources, that Shenker and others may have violated federal law by not disclosing the write-over to the federally regulated union.

The Steamfitters have been involved in other aspects of the grand jury investigation, including the purchase of allegedly fictitious debentures and their resale to Shenker, sources said.

Shenker corporations have benefitted from other Steamfitter loans.

On Oct. 7, 1970, the Steamfitters loaned $1.5 million to Marietta Hot Springs, a resort in Southern California of which Shenker's wife is president, records show.

According to records in San Diego, the Steamfitters loaned an additional $2.5 million to Marietta Jan. 14, 1971.

One person close to the investigation commented, "What's ironic about the write-over is that the Steamfitters are in the middle. Shenker's their long-time pal, they put up the money and he handed them a bad deal.

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1-31-75

A Federal Grand Jury subpoena duces tecum issued by the U. S. District Court Clerk for the Eastern District of Missouri was served upon [redacted] on January 22, 1975.

This subpoena commanded the production of [redacted]

Upon receipt of this subpoena, [redacted] stated that [redacted] would make same available pursuant to the above subpoena.

Interviewed on 1-22-75 at Las Vegas, Nevada File # 156-20

by SA [redacted] SS Date dictated 1-28-75

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

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1

Date of transcription 4/25/75

[redacted] was advised of the identities of the interviewing Agents and the fact that she was being contacted regarding [redacted] his association with MORRIS SHENKER. She supplied the following information:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

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Interviewed on 4/16/75 at [redacted] Calif. File # SL 156-20

by SA SA [redacted] Date dictated 4/22/75

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She stated that she recalls the fact that SHENKER often hosted meetings of what she considered to be top-level hoodlums and Union officials from around the country at Murietta Hot Springs. usually attended these meetings along with officials from the Teamsters Union, Pipe Fitters Union, and other groups and individuals.

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SL 156-20

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SAC, SAN DIEGO (156-5) 4/30/75

SAC, ST. LOUIS (156-20) (P)

MORRIS A. SHENKER
Et Al
WPPDA; PERJURY; OOJ; FBW
OO: ST. LOUIS

As San Diego Division is aware, St. Louis Case Agent, SA [redacted] was in San Diego during the week of 1/13/75 and during that time an interview was conducted of [redacted] on 1/14/75. During that interview, [redacted] was questioned regarding instant matter as well as the case captioned "MORRIS A. SHENKER, RICO, OO: ST. LOUIS (SL 183-37) (SD 183-15)".

A review of St. Louis files revealed an FD-302 covering the interview with [redacted] pertaining to the RICO matter, however, St. Louis is unable to locate an FD-302 for [redacted] covering the WPPDA matter.

LEAD

SAN DIEGO DIVISION

AT SAN DIEGO, CALIFORNIA

Will review San Diego file 183-15 and 156-5 to determine if two separate FD-302s were prepared covering the [redacted] interview. If so, forward to St. Louis two copies of the FD-302 relating to SD 156-5.

2 - San Diego
2 - St. Louis
TRP:dlv
(4)

156-20-339
SEARCHED
SERIALIZED
INDEXED
FILED

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SAC, ST. LOUIS (183-16) (P) 4/29/75

SA [redacted]

RUSCO INCORPORATED
RICO
OO: SEATTLE

Enclosed for the file is a photostat copy of a newspaper clipping from an unknown newspaper relating to instant matter. This clipping was received via mail from the Nevada Gaming Board on 4/21/75.

7 - St. Louis
(1 - 183-16)
(1 - 166-173)
(1 - 183-37)
(1 - 92-1660)
(1 - 92-2088)
(1 - 87-21177)
(1 - 156-20)
THP:dlv
(7)

156-20-240

Aladdin's ex-owners in court

A tiff between two former owners of the Aladdin Hotel surfaced in federal court Monday.

Jack Catain Jr., of Encino, Calif., filed a complaint against Samuel R. Calabrese, of Las Vegas, charging Calabrese with failing to pay an agreed note of $250,000.

According to the suit, Catain and Calabrese joined with Morris Shenker, Sorkis J. Weebe, Del Coleman and Herb Englehart to buy the Aladdin in August, 1971.

However, on Jan. 15, 1972 Catain and Calebrese sold their interests in the hotel to Shenker and Weebe, said the complaint. Calebrese's interests were sold for $500,000, said the complaint.

The complaint further claimed Calebrese signed an agreement to forward $250,000 of his $500,000 to Catain but "in spite of repeated demands" has refused to make the payment.

The complaint said Catain "on information and belief" claims Calebrese has received "a substantial portion" of his $500,000 from Shenker and Weebe.

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156-20-342

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
MAY 17 1975

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/20/75

1

[redacted] home telephone number [redacted] Irvin J. Kahn Corporation of San Diego [redacted] and advised as follows:

[redacted]

[redacted]

[redacted] explained that [redacted]

[redacted]

Interviewed on 1/14/75 at San Diego, California File # SD 183-15

by SA [redacted] SA /JDA:bk Date dictated 1/16/75

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[redacted]

[redacted] stated that [redacted]

[redacted] advised that sometime after these loans developed, [redacted]

[redacted] explained that [redacted]

[redacted]

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[redacted]

He also recalls [redacted]

His recollections of [redacted]

[redacted]

[redacted] stated that during this time, to his best recollection, [redacted] (phonetic) or [redacted] were

[redacted]

He stated that to his knowledge, [redacted] is still employed at Murrieta Hot Springs; however, [redacted] is now employed at the [redacted]

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SD 183-15

recalled that

He explained that during this period of time,

stated that

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[redacted] stated that [redacted]

[redacted] stated, however, that the decision to loan this money monthly to Murrieta was a decision on the part of KAHN and SHENKER and implemented by [redacted]

As development at Murrieta progressed, SHENKER and KAHN began to experience severe money problems in the Murrieta development. Finally, MORRIS SHENKER and [redacted] took over direct management of the Murrieta operations, with [redacted] actually living at Murrieta most of the time. [redacted] would authorize the issuance of checks on the Murrieta Hot Springs account without the funds being available in the bank to make the checks good.

[redacted]

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[redacted]

During this same period of time, SHENKER literally took control of Murrieta Hot Springs away from KAHN and made [redacted] Murrieta. [redacted] stated that after this occurred, he had many run-ins with [redacted] regarding her continually issuing checks against insufficient funds. [redacted] stated that these disagreements did not keep [redacted] from issuing these checks and both she and MORRIS SHENKER would expect Penasquitos to keep taking care of the overdrafts. [redacted] stated that the SHENKERs apparently expected Penasquitos to keep sending money to Murrieta.

[redacted]

[redacted] advised that the Penasquitos loans to Murrieta were for no other reason than to bail out Murrieta from its financial problems and that SHENKER was the one who was always responsible for finding the funds necessary to pay back Penasquitos each month. [redacted] added that SHENKER was always the one responsible for finding the sources of money for all of the KAHN-SHENKER companies and the major sources of these funds were the Teamsters Central States Pension Fund; the Pipefitters Pension Fund in St. Louis, Missouri; and the Culinary Workers Union. [redacted] SHENKER was always able to arrange for money when it was needed.

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SD 183-15

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156-20-343

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
MAY 17 1975
FBI

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/20/75

1

[redacted] home telephone number [redacted] for the Irvin J. Kahn Corporation of San Diego and advised as follows:

[redacted]

[redacted]

[redacted]

Interviewed on 1/14/75 at San Diego, California File # SD 156-5

by SA [redacted] SA TRR:bk Date dictated 1/16/75

[redacted] explained that SHENKER had been responsible for bringing in the Pipefitters loans for the companies that received same and both SHENKER and KAHN were co-owners of these companies.

[redacted] stated that he was not aware of the identities of the officials of Title Insurance Company who actually implemented the write-overs, nor was he aware of any indemnification agreements that may have existed between the KAHN-SHENKER companies and Title Insurance Company.

[redacted] did state, however, that if an indemnity agreement existed between BAI, Inc. and Title Insurance Company, BAI would not have been financially capable of fulfilling the indemnity problem. He further explained that BAI was primarily a "shell" corporation and had no substantial assets.

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OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, ST. LOUIS (156-20) DATE: 5/14/75

FROM : ~~SAC~~, SAN DIEGO (156-5) (RUC)

SUBJECT: MORRIS A. SHENKER;
ET AL
WPPDA; PERJURY; OOJ; FBW
(OO: St. Louis)

Re St. Louis letter to San Diego 4/30/75.

Enclosed for St. Louis are two copies each of the two FD-302s that were dictated on 1/16/75 concerning the interview of [redacted] on 1/14/75.

(2) - St. Louis (Encls. 4)
1 - San Diego
LAW:ab
(3)

156-20-344
SEARCHED INDEXED
SERIALIZED FILED
MAY 17 1975

FD-350 (Rev. 7-16-63)

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(Mount Clipping in Space Below)

Sorkis Webbe Indicted on Tax Charge

90 CC 156 - 20

By MICHAEL MONTGOMERY and ROBERT TEUSCHER
Globe-Democrat Staff Writers

Sorkis J. Webbe, a prominent St. Louis attorney and politician, was indicted Wednesday by the U. S. Organized Crime Strike Force grand jury on charges of evading income taxes.

The strike force office is headed by Liam S. Coonan.

Two of Webbe's associates, Richard L. Daly of St. Louis and Samuel Ray Calabrese of Los Angeles and Las Vegas, were indicted with Webbe on charges of conspiring to defraud the government by concealing facts in Webbe's income tax case.

DALY AND WEBBE are law partners and top backers of the Aladdin Hotel and Casino in Las Vegas, federal authorities said. Webbe has been known as the de facto boss of the Aladdin since 1971, authorities said.

The Globe-Democrat has reported that under Webbe control, the Aladdin had given free rooms, meals and liquor to reputed organized crime figures from St. Louis and Detroit and their associates.

Calabrese is an associate of New York Mafia figures, according to West Coast authorities.

The Globe-Democrat disclosed last February that the grand jury here was investigating Webbe, Calabrese and their associates, including St. Louis attorney Morris A. Shenker.

One of the business transactions in which members of the group were involved and which was disclosed by The Globe-Democrat formed the basis of the indictment returned Wednesday. Shenker was not indicted.

Webbe faces a maximum penalty of three years' imprisonment and a $5,000 fine if convicted on the income tax charge, while all three could receive maximum sentences of five years' imprisonment and $10,000 fines if convicted on the fraud charges.

Personal recognizance bonds of $5,000 each were set. None of the defendants is in custody.

Neither Webbe nor Daly was available for comment.

THE INDICTMENT deals with loans and purchases of stock by a group of St. Louis investors in a Los Angeles movie production and distribution company known as Colorvision Studios, Inc.

The indictment charges that Webbe claimed a loss of $46,377 on his 1968 income tax return through sale of stock in Colorvision.

However, the indictment charges that the sale of stock from Webbe to Daly did not occur and therefore could not have been claimed as a loss by Webbe on his 1968 return.

The indictment charges that both Daly and Calabrese lied to the grand jury about the date that Webbe sold the Colorvision stock to Daly.

The same day Calabrese was indicted in St. Louis, an order was entered in U.S. District Court in London, Ky., dismissing another indictment against him.

That indictment charged him and others with bank fraud and involved allegedly fraudulent loans to Colorvision.

ACCORDING TO the indictment, Webbe, Shenker and Edward A. White, who was a stockbroker at the time, loaned $230,000 to Colorvision on June 3, 1968. The Securities and Exchange Commission later barred White from selling stock.

In return for the loan, the indictment states, Webbe, as agent for the St. Louis group, received a note from Colorvision for $250,000 plus shares of stock in Colorvision.

Two months later, according to the indictment, the loan agreement was changed to give the St. Louis group and Webbe, as an individual, additional shares in the company.

When interviewed by an Internal Revenue Service agent in 1971, the indictment

(Indicate page, name of newspaper, city and state.)

1A ST. LOUIS GLOBE-DEMOCRAT SLMO

CC: 166-173 [redacted]
156-20 (SHENKER)
87-21177 [redacted]

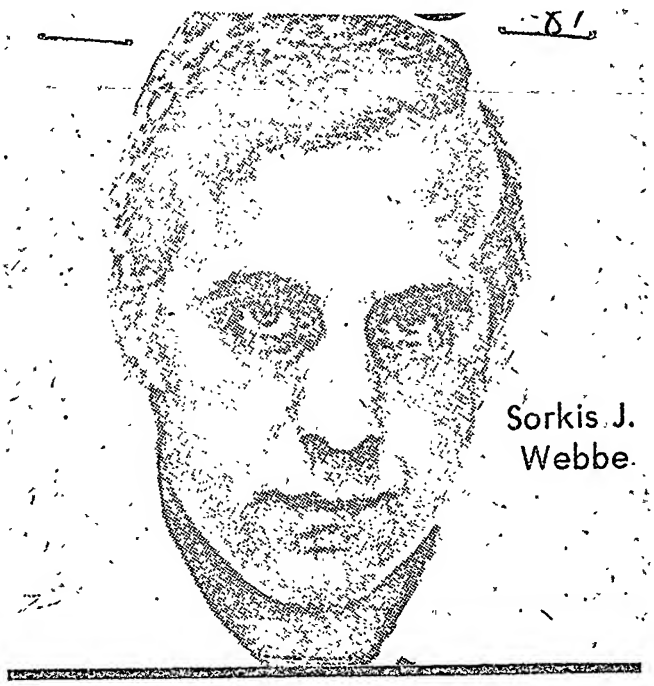
Date: 6/5/75
Edition:
Author: MICHAEL MONTGOMERY;
Editor: ROBERT TEUSCHER
Title: SORKIS WEBBE

Character: AR
or
Classification:
Submitting Office: SL

[X] Being Investigated

156-20 - 345

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUN 5 1975
FBI—ST. LOUIS



Sorkis J. Webbe.

charges, Webbe said he had sold his stock in Colorvision to Daly in 1968, when, in fact, no sale had taken place in 1968.

Calabrese had been interviewed earlier by federal agents, the indictment charges, but when he appeared before a grand jury investigating the transaction last December, he denied his previous statements.

WEBBE, CALABRESE, Daly and unnamed co-conspirators later prepared false records, documents and papers to back up Webbe's claim as to when the stock was sold, according to the indictment.

These statements were given to federal agents investigating Webbe's income tax liabilities, according to the indictment.

FD-36 (Rev. 5-22-64)

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FBI

Date: 6/12/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIRMAIL
(Priority)

TO: DIRECTOR, FBI (156-557)

FROM: SAC, ST. LOUIS (156-20) P

MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
(OO: SL)

Re SL report of SA [redacted] dated 4/25/75.
SL airtel to HO dated 1/28/75;
SC airtel to SL dated 2/25/75;
HO airtel to SL dated 2/28/75;
PX airtel to SL dated 2/18/75.

For information of offices not in receipt of referenced report, background of instant matter set forth in referenced St. Louis airtel to Houston, 1/28/75.

St. Louis Strike Force Attorneys have stated that they plan on returning a fraud by wire and conspiracy indictment against MORRIS SHENKER and [redacted] for conspiracy and fraud by wire during the week of August 25, 1975. They have based this decision on facts indicating SHENKER and the late IRVIN J. KAHN made false representations to the Pipe Fitters Union Pension Fund Trustees in order to obtain a $6.5 million loan for BAI, Inc., which was owned by SHENKER and KAHN. These

2- Bureau
2- Houston (156-30)
6- Los Angeles (156-76)
2- Phoenix (156-13)
2- Sacramento (92-645)
3- San Diego (156-5)
2- St. Louis
TRP/cw
(19)

156-20-346
SEARCHED
SERIALIZED mat
INDEXED
FILED mat

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

U.S. Government Printing Office: 1972 — 455-574

false representations involved leading the Pension Fund Trustees to believe that they would receive a first deed of trust on certain parcels of real estate allegedly owned by BAI which was to be used as collateral for the Pension Fund loan. Investigation has indicated that both SHENKER and KAHN knew at the time that these parcels of real estate were encumbered by other liens. Some of these liens were for the benefit of SHENKER, who held ownership to the property under a "straw party" agreement wherein Title Insurance and Trust Company, San Diego, acted on his behalf regarding those properties.

The Pipe Fitters Trustees have stated that they would not have granted this loan had they known that they were receiving something less than a first deed of trust on this property. After they granted the loan, however, the loan proceeds were transmitted via wire transfer from St. Louis to San Diego. b3 b6 b7C

[redacted]

Strike Force Attorneys have requested investigation set out in lead section below in order to wrap up some of the loose ends in this matter before returning indictment. The background information for these leads is set forth in referenced St. Louis report and other referenced communications.

For information of receiving offices, the Bureau is following this matter quite closely due to the national prominence and extensive organized crime affiliations of SHENKER. Receiving offices are requested to submit results of leads via cover airtel to arrive at St. Louis no later than July 7, 1975. This is necessary in order that any additional FGJ sessions that may be necessary can be scheduled and held before the deadline date for the indictment.

LEADS

THE HOUSTON DIVISION

AT GALVESTON, TEXAS

Will recontact [redacted] b6 b7C

[redacted] and determine from him:

1) The identity of the previous owner of the property upon which ANICO was beneficiary of a deed of trust relating to MORRIS A. SHENKER (regarding which he had previously provided certain information).

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2) Obtain from [redacted] pursuant to subpoena previously served upon him [redacted]. If same not available, determine from whom same could be obtained.

3) Obtain [redacted]

LOS ANGELES DIVISION

AT RIVERSIDE, CALIFORNIA

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Will recontact [redacted], (last interviewed on 2/12/75) and obtain from him copy of sales contract or purchase agreement relating to his sale of property to MORRIS SHENKER on 10/27/71. Also obtain copies of most current appraisal report on property in possession of [redacted] or determine from him where same could be obtained.

370x
381

AT MANHATTAN BEACH, CALIFORNIA

See 355

Will recontact [redacted] (last interviewed on 2/20/75) and obtain from her copy of sales contract or purchase agreement relating to her sale of certain property in 1969 to Title Insurance and Trust Company holding agreement #90. Also obtain copy or determine location of most current appraisal report on property relating to that sale.

AT BREA, CALIFORNIA

Will recontact [redacted] telephone number [redacted] (last interviewed 2/12/75) and obtain copy of sales contract or purchase agreement relating to sale of certain property to Title Insurance and Trust Company holding agreement number 90 on 6/2/69, regarding which she has previously been interviewed. Also, obtain or determine location of appraisal report relating to that transaction.

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SL 156-20

AT LOS ANGELES, CALIFORNIA

1) Will recontact [redacted] and obtain from him copy of sales contract or purchase agreement relating to his sale of certain property to Title Insurance and Trust Company holding agreement 90 on 6/18/69 regarding which he had previously been interviewed. Also obtain from him or determine current location of appraisal report relating to that transaction.

2) Will review pages 8, 9 and 10 of referenced SL report and thereafter contact [redacted] Loan Service Department, Great Western Savings and Loan Association, 8150 Sunset Blvd., and determine from him the following information relating to the parcels of property described as parcel 14 on pages 8, 9 and 10 of re report:

a) The identity of the owner of this property since 1970.

b) The sales price when the property was sold on 1/14/64 to West Loma Development Company, Inc.

c) A copy of the sales contract or purchase agreement relating to that transaction.

d) A copy of any appraisal reports on the property relating to that transaction or following that transaction.

THE PHOENIX DIVISION

AT SHOWLOW, ARIZONA

Will recontact [redacted], home telephone number [redacted] (last interviewed on 2/12/75) and obtain from him copy of sales contract or purchase agreement relating to his sale of certain property to Title Insurance and Trust Company holding agreement 90 on 7/24/69. Also obtain copy of appraisal report relating to that transaction or determine location of same.

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SACRAMENTO DIVISION

AT NEVADA CITY, CALIFORNIA

Will recontact Attorney [redacted] telephone [redacted] and conduct same investigation as requested of Phoenix relating to real estate sale dated 4/28/69.

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SL 156-20

SAN DIEGO DIVISION

AT ESCONDIDO, CALIFORNIA

Will review pages 12 and 13 of re report relating to parcels 5, 6, and 7 and thereafter interview [redacted] Foster-Marsch Corporation under Title Insurance and Trust Company trust [redacted] Determine from [redacted] the following information relating to the sale of these parcels of real estate on 6/23/69 to Title Insurance and Trust Company holding agreement #90:

368

a) Date his clients acquired the property and amount they paid for same.

b) Date they sold the property to Title Insurance and Trust Company holding agreement #90.

c) The amount of that sale.

d) The identity and address of the party who contacted him to arrange this sale.

e) Whether or not the payments on the mortgage on the property were current as of 12/29/71.

f) The amount due on that mortgage as of 12/29/71, both principle and interest amounts.

g) Details of any foreclosures or defaults filed by him regarding this property.

h) The identity and address of the party making the payments on the mortgage.

i) The current status of the deed of trust. If deed no longer outstanding, determine date and amount of payoff and identity of person making payoff.

j) His knowledge of the involvement of MORRIS SHENKER in any of the above transactions.

k) Obtain from him copy of sales contract or purchase agreement relating to above transaction as well as copy of appraisal report relating to same.

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SL 156-20

AT SAN DIEGO, CALIFORNIA

1) Will review pages 55 and 56 of re SL report and thereafter recontact [redacted] and determine from him the sales price of the [redacted] acres of land in [redacted] area in July, 1969 to Title Insurance and Trust Company holding agreement 90 through [redacted] Also obtain from him copy of sales contract or purchase agreement and appraisal report relating to that transaction.

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2) Will review pages 15, 16 and 57 of re report relating to property described as parcel [redacted] and thereafter interview [redacted] Trustee in Bankruptcy for the estate of [redacted] (address for [redacted] could be obtained through [redacted] listed on page 57 of re report) and determine from him:

357

a) Whether or not MORRIS SHENKER or IRVIN KAHN had authority to use this property as collateral for loan from Pipe Fitters Union Pension Fund in St. Louis in December, 1971.

b) Obtain copies from him of any appraisal reports in his possession relating to this property for the years 1970 and 1971 or thereafter.

c) Obtain copy of sales contract or purchase agreement relating to deed of trust dated 7/20/70, recorders number [redacted] wherein [redacted] is listed as trustor.

d) The identity of the current owner of this property.

3) Will review pages 43-44, 47-49 and 50-52 of re report and thereafter contact [redacted] or other appropriate official of Stierer Investment Realty Company, Suite 1355, First National Bank Building, San Diego, and interview in depth regarding:

356
& 378

a) The involvement of that company in the reat estate transaction described in those pages. The emphasis of this interview should be to determine the involvement of MORRIS SHENKER in these transactions and whether or not Stierer Investment was acting on behalf of SHENKER in acquiring these properties.

b) Will also determine if Stierer Investment was involved in any of the other real estate transactions described in pages 10 through 20 of re report (parcels one through 14) and determine same information as above.

c) If Stierer was representing SHENKER, obtain copies of any and all correspondence between that company and SHENKER relating to these transactions.

FD-350 (Rev. 7-16-63)

Shenker And Associates Target Of Strike Force

By ROY MALONE
Of the Post-Dispatch Staff

The Organized Crime Strike Force in St. Louis has targeted controversial lawyer-businessman Morris A. Shenker and several of his political friends and business associates for prosecution on white-collar offenses.

Neither the Strike Force nor the Department of Justice will confirm such a tactic. However, persons close to the investigation—as well as those being investigated—say Shenker is the main target in a series of investigations. But others are to be prosecuted first, they say.

Those being investigated believe they are being harassed by the Strike Force and the federal agencies that collect evidence for it, such as the Federal Bureau of Investigation and Internal Revenue Service.

Shenker said in an interview, that he did not object to the investigations, but "I think it is wrong for investigators to have preconceived notions and go out to find evidence and tailor it to fit those preconceived notions.

"I was not told they had targeted me, but the subpenas of my business enterprises raises questions as to the propriety of the investigations," Shenker said.

He said he had been investigated many times before and "will come up clean on this one."

There are also complaints

Morris A. Shenker
Target of investigations

The FBI is investigating another loan by the Pipefitters to BAI, Inc., a West Coast firm in which Shenker has an interest. It was one of the transactions questioned by the Nevada Gaming Control Board when it scrutinized Shenker for a gambling license several months ago.

Shenker told the board the practice of substituting second deeds of trust was common when the property had title insurance. He produced as a corroborating witness a law professor.

Beside the Shenker investi-

(2) Sorkis J. Webbe, a St. Louis trial lawyer who is a longtime friend and business associate of Shenker's. He was indicted June 4 on charges of filing a false income tax return in 1968.

(3) Edward A. White, a St. Louis stockbroker who has been suspended by the securities and exchange commission and is under investigation by the FBI.

White has been involved with Shenker in business dealings, including raising money for Colorvision Studios, of Los Angeles, which went bankrupt in 1969.

One aspect of the White investigation is his handling of the sale of $540,000 in bonds from a Swiss firm to Pipefitters Local 569 in St. Louis in 1970. The bonds later proved to be worthless.

BAI, Inc., in which Shenker had an interest, later bought the bonds from the union, using part of a $6,500,000 loan from the union to BAI. White and another associate have been sued for damages in federal court in New York by the Swiss firm.

Shenker, 68 years old, built a reputation as a prominent trial lawyer here and has been a behind-the-scenes power broker for the Democratic machine. In recent years, he has spent most of his time on his business enterprises in Nevada and California.

Last year, when Shenker

92-2068*
[illegible]

(Indicate page, name of newspaper, city and state.)

3A ST. LOUIS POST-DISPATCH
ST. LOUIS, MO.

Date: June 15, 1975
Edition: Sunday
Author:
Editor:
Title: MORRIS A. SHENKER

Character: AR
or
Classification: ST. 92-

Shenker was investigated in 1971 by the IRS, which examined his tax records back to 1965. The IRS worked on the theory that Shenker had received fees of 10 per cent on loans he was instrumental in obtaining from the Teamsters Union pension fund.

Now, tax charges are being pressed against Shenker's associate, Webbe.

Webbe says the investigators used "Gestapo-like" tactics. "This leads me to believe there are other motivations other than the administration of justice," said Webbe in an interview.

He is a former Democratic state Senator and served as public administrator in St. Louis from 1962 to 1972. Webbe remains influential in Democratic politics, has close ties with the politically oriented Pipefitters Union and has an interest in the Aladdin hotel and casino in Las Vegas.

Webbe is accused of tax charges and of fraud—falsifying documents to support his claim for a tax loss on a stock sale in 1968. Two others are indicted with him on this count. One is Charles L. Daly of St. Louis, a trial lawyer and an associate of Webbe, who bought the stock from Webbe. The other is Samuel R. Calabrese, who is president of Colorvision.

Calabrese has previously been investigated by the Federal Government. Authorities say he has been associated with New York Mafia figures and bookmakers. He was indicted in Kentucky in connection with loans to Colorvision in 1969. One trial ended in a hung jury and a mistrial was declared in the second.

In the indictment against Webbe, co-conspirators were mentioned but not identified.

A Justice Department spokesman in Washington, Robert L. Stevenson, said Shenker had "no culpability whatsoever" in Webbe's case. "Shenker provided all the information the Government asked for," Stevenson said.

But Webbe believes the Government would drop his case if he co-operated with them against Shenker. "If I told them I knew something about Shenker, they'd forget about me," he said.

Liam S. Coonan, who took over the Strike Force here last year, refused to discuss the current investigations.

However, last year, he said in an interview that he regarded organized crime as involving more than the traditional violence, bookmaking, and loan sharking. He said it included "institutionalized crime" by any group of persons who use crime to "further the goals of their institution."

In the interview, Coonan said gambling was probably the most important source of money for organized crime.

(Mount Clipping In Space Below)

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Swift gets belated apology from gaming board

(Indicate page, name of newspaper, city and state.)

Nevada's two top gaming officials have publicly retracted highly damaging statements—made during a licensing investigation—that there was "a reasonable inference" that Gardnerville builder C. E. "Red" Swift had improper dealings with Sierra Charter Corporation.

In separate letters to Swift, Gaming Commission Chairman Peter Echeverria and Gaming Control Board Chairman Philip Hannifin, they admitted any inference of wrongdoing by Swift had been entirely unjustified.

Implications of possible questionable practices by Swift arose during the long and intensive investigation by the Gaming Control Board into the application of St. Louis Attorney Morris Shenker for a gaming license at the Dunes Hotel in Las Vegas. Although Shenker himself was cleared of any clouds over his background and was unanimously approved for a license, the gaming authorities have only now cleared up any similar clouds which the inquiry had left hanging over Swift. Those clouds had come up when the board questioned the dealings between Swift's construction company and Sierra Charter Corporation, with which Shenker was involved financially.

Swift, then a trustee of the Gardnerville Ranchos General Improvement District, had sold Sierra Charter 75 per cent of his construction company, and certain financial transactions connected with it had led the board, it reported, to draw "a reasonable inference . . . that Sierra Charter's dealings with Swift improperly influenced Swift in his capacity as a public official."

The gaming authorities have now made it clear that they recognize the grave damage such statements could do to Swift's business reputation.

"Unfortunately," said Hannifin in his letter to Swift, "you were not a party to the application as was Mr. Shenker and therefore had no forum from which to explain or otherwise rebut the inferences

156-20-348

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUN 18 1975

ov. 7-16-63)

(Mount Clipping in Space Below)

which disturbed the board. Mr. Shenker did, of course, present evidence to the board which is now a matter of record and which was found to satisfactorily explain the negative inferences raised by the transactions in question . . . The board additionally permitted your counsel to admit your sworn affidavit into the record.

"Insofar as the State Gaming Control Board is concerned," Hannifin said, "there is no longer any doubt as to the legitimacy of those transactions which were examined between Sierra Charter Corporation and yourself, both as a member of the Improvement District Board and as the owner of Swift Construction Company."

Swift said, "I appreciate their concerned thoughts and letters," but added, "This should not have happened, especially coming out of a state office. But I have been in business for 30 years and I can understand how things like this can happen."

Gaming board officials had Swift sign a release in which he promised not to sue over the damaging statements. In exchange, the builder got a letter of apology from the board. "They apologized, and that's good enough for me," Swift said.

Commission Chairman Echeverria, pointing out that he has known Swift for about 20 years, wrote him that "during the entire period of time, I have had an extremely high opinion of your character, integrity, and of your general qualities."

Echeverria added he has read every report that has come before the commission during his two years as chairman, and that "I want you to know that nothing in any of these reports or in any newspaper that I have read have in any way affected my opinion of your good character and reputation."

(Indicate page, name of newspaper, city and state.)

Date:
Edition:
Author:
Editor:
Title:

Character:
or
Classification:
Submitting Office:

☐ Being Investigated

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156-20-349

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SERIALIZED_____FILED
JUN 18 1975

(5-64)

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FEDERAL BUREAU OF INVESTIGATION

Date 5/13/75

[redacted] advised that he was [redacted]

He stated in the latter part of 1972 and the first part of 1973, MORRIS SHENKER had made application to the Culinary Union for a loan in the amount of $2,000,000 to be invested in the Muretta, Hot Springs, California development. [redacted]

[redacted] stated that [redacted] Attorney at Law with the law firm of Lionel and Sawyer, handled the legal work on the loan [redacted]

[redacted]

[redacted]

He stated that [redacted] a member of the Nevada State Assembly, was in attendance at the State Legislature when the deal was consummated and a vote was to be taken. [redacted] flew to Las Vegas over a weekend and when the vote was taken it was obvious the vote was to be five to one in favor of granting the loan.

On 5/8/75 at Las Vegas, Nevada File # LV 183-33

by SA [redacted]/jd Date dictated 5/8/75

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LV 183-33
2

[redacted]

[redacted] stated that [redacted] is employed by the Suma Corporation in either the personnel or insurance office. [redacted] identified [redacted] and [redacted] as the other trustees of the Culinary Fund.

[redacted] stated he wanted to re-emphasize that he has no knowledge of any wrongdoing on the part of anyone [redacted]

156-20-350

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JUN 18 1975

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FD-302 (Rev. 4-15-64)

FEDERAL BUREAU OF INVESTIGATION

1

Date 6/10/75

[redacted] appeared at the FBI Office, Las Vegas, and furnished the following information:

[redacted]

Regarding the loan of the Culinary Union Trust Fund to MORRIS SHENKER, [redacted] stated that the first loan in the amount of two million dollars was to be invested in the Murretta Hot Springs, California, development. [redacted] stated he felt this loan was a good loan and a good business proposition for the trust fund because of the rate of interest.

[redacted]

[redacted]

[redacted]

On 6/6/75 at Las Vegas, Nevada File # LV 183-33

by SA [redacted]:imw Date dictated 6/9/75

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LV 183-33
2

[redacted] stated he knows of no irregularities in the two loans. [redacted]

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OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, ST. LOUIS (183-37)

DATE: 6/10/75

FROM : SAC, LAS VEGAS (183-33) (P)

SUBJECT: MORRIS A. SHENKER
RICO
OO: St. Louis

Re report of SA [redacted] 5/21/75, at St. Louis.

Enclosed herewith for St. Louis are two copies each of two FD-302's of SA [redacted] dated 5/13/75 and 6/10/75. Also enclosed are two newspaper clippings from the Carson City Record Courier relating to [redacted] and the Sierra Bartender Corporation.

[redacted] the Audit Division, Nevada Gaming Control Board (NGCB), advised SA [redacted] on 6/4/75, that the recent interview of [redacted] referred to in referenced report, was taped and has not been transcribed. [redacted] stated he would make a copy of the taped interview and would furnish a copy of the tape directly to SA [redacted] in St. Louis.

[redacted] on 4/22/75, advised SA [redacted] that SHENKER had allegedly received a total of three million dollars in loans from the Culinary Union in Las Vegas. Two of the trustees for the Culinary Union have resigned because they believed the loans were illegal.

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St. Louis is aware of the identity of the trustees and will not be set forth herein. It is the opinion of SA [redacted] who interviewed [redacted] and [redacted] as set forth in enclosed FD-302's, that both men were very unhappy about the loans, that both indicated

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2 - St. Louis (Enc. 6)
1 - Las Vegas
MBP:imw
(3)

156-20-351

SEARCHED ..... INDEXED
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JUN 18 1975

[redacted]

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that they had no specific information of any actual wrong doing, and it is felt that either or both men would not have hesitated to furnish any information along this line if they possessed same.

FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/12/75

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[redacted]

provided the following information:

[redacted]

[redacted]

[redacted]

[redacted]

He stated that he has also subsequently learned that the properties which had been acquired in this venture had come to be known as Mission Hills Enterprises.

Interviewed on 6/5/75 at St. Louis, Missouri File # SL 156-20 - 252

by SA [redacted] SA TRP/cw Date dictated 6/9/75

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156-20-353

[redacted]

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/20/75

[redacted] Galveston, Texas, voluntarily furnished the following additional information:

[redacted] advised that files and correspondence records of ANICO disclose the previous owner of the property upon which ANICO was beneficiary of a deed of trust relating to MORRIS A. SHENKER in San Diego, California, was apparently [redacted] advised the appraisal report prepared by Real Estate Research Corporation of Los Angeles, California, in June, 1967, lists the owner of the property as [redacted] advised the ANICO file contains San Diego County Tax Bill for 1969 and 1970 on the property, which bills are directed to MORRIS A. [redacted] SHENKER. He advised the bills bear handwritten notations of the names [redacted] which notations indicate [redacted] and someone named [redacted] may have had interest in the property.

[redacted]

Interviewed on 6/20/75 at Galveston, Texas File # HO 156-30
BL 156-20

by SA [redacted] :yk Date dictated 6/20/75

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FD-36 (Rev. 5-22-64)

F B I

Date: 6/20/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIR MAIL
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, HOUSTON (156-30)(RUC)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
(OO SL)

Re SL airtel to Bu, 6/12/75.

Enclosed herewith for St. Louis are two copies of an FD-302 re interview of [redacted] on 6/20/75 and one appraisal report prepared by Real Estate Research Corporation in June, 1967.

Enclosed for San Diego are two copies of above FD-302.

As Houston is not familiar with extend of St. Louis needs for grand jury session, leads in San Diego are being left to discretion of OO. This matter being RUC'ed.

2 - St. Louis (Enc. 3)
2 - San Diego (Enc. 2) (156-5)
1 - Houston

CAH:yk
(5)

Documents made a Bulky exhibit

156-20-354
SEARCHED ... INDEXED ...
SERIALIZED ... FILED ...
JUN 25 1975

Approved: RRF/K
Special Agent in Charge

Sent _____ M Per _____

GPO : 1970 O - 402-735

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FD-36 (Rev. 5-22-64)

FBI

Date: 6/20/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIRMAIL
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, LOS ANGELES (156-76)(P)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ
FBW;PERJURY
CONSPIRACY
OO: St. Louis

Re St. Louis airtel to Bureau dated 6/12/75.

[redacted] contacted at [redacted] today and is obtaining copies of pertinent sales contract. [redacted] advised that latest appraisal report on property can be obtained through the San Diego County Tax Accessor's Office, San Diego, California, and that neither he nor [redacted] have seen any appraisal report on the property.

2 - St. Louis
3 - San Diego
3 - Los Angeles

SWM/cc
(8)

156-20-355

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUN 26 1975

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

☆ U. S. GOVERNMENT PRINTING OFFICE : 1969 O - 346-090 (11)

LA 156-76

LEADS

SAN DIEGO

AT SAN DIEGO, CALIFORNIA: Obtain copy of most current appraisal report on property described as the

[redacted]

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San Diego please note deadline of 7/7/75.

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6/25/75

AIRTEL

TO: SAC, SAN DIEGO (156-5)

FROM: SAC, SACRAMENTO (92-645) (RUC)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
OO: St. Louis

Re St. Louis airtel to the Bureau, 6/12/75.

Enclosed for San Diego is one copy of an FD-302 reflecting interview with [redacted] in Nevada City, California, on 2/21/75.

On 6/20/75, [redacted] was recontacted and requested to furnish copies of the sales contract or purchase agreement reflecting the sale of certain property to Title Insurance and Trust Company, Holding Agreement 90 on 4/28/69. [redacted] stated that he did not handle the original sale and did not have the documents requested, but that they could probably be obtained from Stierer Investment Realty, Suite 1355, First National Bank Building, San Diego, California, since it was this company which handled the original sale. He also said that [redacted]

2 - San Diego (Enc. 1)
2 - St. Louis
1 - Sacramento
DJL:cap
(5)

156-20-356

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUN 27 1975
FBI — SAINT LOUIS

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SC 92-645

The enclosed FD-302 describes the property in question and the fact that it was owned by [redacted] and sold on 4/28/69.

LEADS

SAN DIEGO

AT SAN DIEGO, CALIFORNIA. Will obtain from Stierer Investment Realty, Suite 1355, First National Bank Building, copies of sales or purchase agreements relating to the sale of real estate belonging to [redacted] on 4/28/69, as described in the enclosed FD-302 and furnish same to St. Louis.

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156-20-351

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUN 2 1975

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription June 26, 1975

[redacted] was interviewed at his office in [redacted] telephone [redacted]

[redacted]

[redacted] related that years ago when General Dynamics was building Inter-Continental Ballistic Missiles (ICBM) for the federal government, IRVIN J. KAHN had built a huge warehouse near the General Dynamics plant, which warehouse KAHN leased to General Dynamics for five years, with an option to lease for another five years. This warehouse covered around 240,000 or 260,000 square feet of space all under one roof.

At the end of the five year lease, General Dynamics did not use their option to lease the warehouse for another five years, as the ICBM program was being phased out. KAHN was then stuck with trying to rent out space in this huge warehouse, but could never rent out enough space to make the operation profitable.

Around 1967 or 1968, the company which held the mortgage on the warehouse was pushing KAHN for their money, along with other creditors, as well as some constructors who had filed mechanic liens against the property for work performed for a company which had leased space in the warehouse and had then gone bankrupt. [redacted] advised that at this point, it was costing KAHN about $5,000 a month to keep the company going.

[redacted] recalled that the mortgage holder on the warehouse was one of the Equitable Companies, but he could not recall specifically which Equitable Company.

Interviewed on 6/20/75 at San Diego, California File # SD 156-5

by SA [redacted] and SA [redacted] LAW /tlb Date dictated 6/20/75

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[redacted] related that KAHN had then filed a Chapter 10 Bankruptcy Petition. [redacted] advised that [redacted]

[redacted] stated that for KAHN to file under Chapter 10 of the bankruptcy laws, it would have been necessary for KAHN to prove that the company had assets which exceeded the liabilities. [redacted] stated that there would have been testimony before the Referee in Bankruptcy as to the value of this property. [redacted] related that this warehouse was the only asset of Crestview Heights, Inc., and IRVIN J. KAHN, or one of his entities, was the sole stockholder.

[redacted] stated that it was his recollection that the warehouse and land was valued at around $2 million. He said that about $800,000 was needed to pay off the mortgage holder, creditors and liens.

[redacted]

Around July 1970, the San Diego Post Office needed space until their new Post Office, which was then being constructed, could be completed. KAHN arranged for the United States Postal Service to lease for three years over half of the space in the warehouse. With this lease, KAHN was then able to arrange for Security Pacific Bank to loan the bankruptcy estate $800,000. With the $800,000, they were able to pay off all the debts on the warehouse.

[redacted]

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[redacted] advised that the name of MORRIS SHENKER never came up at any time during his handling of this bankruptcy matter.

On June 23, 1975, SA [redacted] attempted to contact [redacted] telephone [redacted] in an effort to determine if B.A.I. still owned the huge warehouse at Astronautics Point. The switchboard operator advised that [redacted] was out of town. SA [redacted] asked the switchboard operator if there was anyone else in the office who would know if B.A.I. still owned the above warehouse. The switchboard operator stated that B.A.I. still owned the warehouse, which is located on Ruffin Road, and that they refer to it as the Ruffin Road warehouse.

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156-20-358

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SERIALIZED ____ FILED ____
JUL 21 1975

[redacted]

FD-302 (REV. 11-27-70)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription June 26, 1975

[redacted] was interviewed at [redacted] telephone [redacted] where [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] related that [redacted] he learned that the property [redacted] was actually sold to MORRIS SHENKER. [redacted] does not recall how he learned this, but believes that [redacted] who was KAHN's man at the Title Insurance and Trust Company, may

Interviewed on 6/24/75 at San Diego, California File # SD 156-5

by SA [redacted] and SA LAW /tlb Date dictated 6/24/75

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b7C

have told him this.

[redacted] said that he knew MORRIS SHENKER by sight as SHENKER had been pointed out to him by employees at the KAHN organization, and he may have been introduced to SHENKER on an occasion, but that if he was, it was a casual introduction for no particular purpose.

[redacted] related that on one occasion, IRVIN KAHN had telephoned him to get his opinion as to what he thought [redacted] would do if KAHN took some particular action. On this occasion, KAHN had [redacted] relate his thoughts on this matter to MORRIS SHENKER over the telephone. [redacted] believes this conversation involved his attempts to sell 57 acres owned by [redacted] in Mira Mesa to KAHN. KAHN needed this land as he owned a piece of property which was surrounded by land owned by [redacted]

[redacted] advised that [redacted] who had previously worked for IRVIN KAHN, had handled a lot of the arrangements for land purchases for the KAHN organizations.

[redacted] recalls that [redacted]

1. [redacted]

2. [redacted]

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b7C

3. [redacted]

[redacted]

[redacted] does not believe that Stierer Investment Realty Company would have any records of any of these transactions, since their only concern would be that they received their share of the commission. [redacted] stated that [redacted]

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b7C

157-20-359

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SERIALIZED ____ FILED ____
JUN 2 1975

FD-302 (REV. 11-27-70)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription June 26, 1975

[redacted] telephone number [redacted] furnished the following information:

[redacted]

[redacted] provided SA [redacted] with a [redacted]

[redacted]

[redacted] furnished SA [redacted] with a [redacted]

[redacted]

Interviewed on 6/24/75 at San Diego, California File # SD 156-5

by SA [redacted] /tlb Date dictated 6/25/75

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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b7C

[redacted] also furnished SA [redacted] with a [redacted] land was $2,491.20.

Both of these documents were attached to a cover letter from Title Insurance and Trust Company, a copy of which was also furnished by [redacted] This letter is signed by [redacted]

SA [redacted] noted that among [redacted] records on this matter was the business card of [redacted]

[redacted] said he had no idea who had actually purchased his land.

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b7C

156-20360

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 2 1975

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription June 26, 1975

1

[redacted] Title Insurance and Trust Company, 220 "A" Street, San Diego, furnished the following information:

[redacted] recalled [redacted] He stated, however, that he has never met MORRIS SHENKER, and to his knowledge, he has never talked to MORRIS SHENKER on the telephone. He said most of his dealings on these transactions were with [redacted] He said on some occasions he may have called some of the employees at the KAHN organization, but to his knowledge, he never had any direct contact with MORRIS SHENKER. He stated that [redacted], however, dealt directly with MORRIS SHENKER.

Interviewed on 6/26/75 at San Diego, California File # SD 156-5

by SA [redacted] and SA [redacted] LAW /tlb Date dictated 6/26/75

b6
b7C

156-20-361

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUL 2 1975

b6
b7C

156-20-362

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___

JUL 2 1975

FBI - SAN

b6
b7C

156-20-364

SEARCHED INDEXED
SERIALIZED FILED
JUL 2 1975
ST. LOUIS

b6
b7C

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, ST. LOUIS (156-20) DATE: 6/27/75

FROM SAC, SAN DIEGO (156-5) (P)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; PERJURY; OOJ; FBW

Re St. Louis letter to Director, 6/12/75.

Enclosed for St. Louis are two (2) copies of the following FD-302's:

Interview of [redacted] on 6/20/75;

Interview of [redacted] on 6/24/75;

Interview of [redacted] on 6/25/75;

Interview of [redacted] on 6/26/75.

Also enclosed for St. Louis is one (1) copy of the following documents received by SA [redacted] from [redacted] on 6/25/75:

1. Buyer's Escrow Instructions dated 7/2/69.

2. Cover letter from Title Insurance and Trust Company dated 7/16/69.

3. Change in real estate broker's commission dated 7/16/69.

4. Change in escrow instructions dated 7/16/69.

2 - St. Louis (Encls-12)
2 - San Diego

LAW:tlb
(4)

156-20-265

SEARCHED INDEXED
SERIALIZED FILED
JUL 2 1975

b6
b7C

SD 156-5

The San Diego Office has an appointment to interview [redacted] on 7/1/75.

The San Diego Office has requested the U.S. District Court Clerk in San Diego to obtain the closed bankruptcy court file on Crestview Heights, Inc., from the Federal Archives and Record Center at Laguna Niguel, California. When the file is received by the Clerk's Office, it will be reviewed for information pertaining to the value of this property in 1970. In this regard, it should be noted that Bankruptcy Court records show that Crestview Heights, Inc., filed a Chapter 10 Bankruptcy Petition on 6/14/67, and the case was closed on 10/20/70.

b6
b7C

156-20-366

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUN 9 1975

b6
b7C

156-20-567

SEARCHED INDEXED
SERIALIZED FILED
JUL 9 1975

b6
b7C

156-20-3605

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUN 10 1971

[redacted]

b6
b7C

FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/7/75

1

[redacted], telephone [redacted] furnished the following information:

[redacted] advised that he is [redacted] for the Title Insurance and Trust Company, San Diego, Trust Agreement Number [redacted] stated that this particular trust is made up of a number of Chicago area construction contractors. He listed the members in this trust as follows:

[redacted]

Interviewed on 7/1/75 at [redacted] California File # SD 156-5

by SA [redacted] SA [redacted] /bk Date dictated 7/2/75

b6
b7C

[redacted] said that the payments were usually three or four weeks late and that except for writing a few letters, no legal actions had to be taken to obtain the payments. [redacted] stated that his records contain copies of several letters that [redacted] sent to MORRIS SHENKER in St. Louis pointing out that the payments were delinquent and requesting additional interest and late charges. [redacted] said this was the only indication he had that MORRIS SHENKER was the owner of this property. [redacted] said that he has had no direct contact with SHENKER.

[redacted] advised that his records show that as [redacted]

[redacted] stated that on March 2, 1972, the trust deed on [redacted]

[redacted] advised that [redacted]

FD-36 (Rev. 5-22-64)

b6
b7C

FBI

Date: 7/7/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, SAN DIEGO (156-5) (P)

MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
(OO: St. Louis)

Re St. Louis airtel to San Diego 6/12/75.

Enclosed for St. Louis are the following items:

Two copies of an FD-302 on the interview of [redacted] on 7/1/75

One copy of Escrow Instructions dated 5/13/70 for the sale of the [redacted] property to [redacted]

One copy of Escrow Instructions dated 5/19/69 for the sale of the [redacted] property to [redacted] (SA [redacted] received this copy in the mail on 7/7/75 from [redacted])

2 - St. Louis (Encls. 4)
2 - San Diego

LAW:bk
(4)

156-20-369

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 8 1975

Approved: RS/ _____ Sent _____ M Per _____
Special Agent in Charge

☆ U. S. GOVERNMENT PRINTING OFFICE : 1969 O - 346-090 (11)

b6
b7C

SD 156-5

On 7/3/75, [redacted] San Diego, was contacted by SA [redacted]

[redacted] checked completed property sales for the year 1969 and located about six sales of property in the Mira Mesa area, all handled by [redacted] with all sales being to either [redacted] or Holding Agreement Number 90 at the Title Insurance and Trust Company. SA [redacted] requested copies of the escrow instructions on each of these sales of property. [redacted] advised that he would have copies of these escrow instructions available for SA [redacted] on the morning of 7/7/75.

On 7/7/75, [redacted] advised that he was worried about possible legal ramifications of divulging the details of escrow instructions, as it might be a possible violation of the trust placed in him by both the buyer and the seller. [redacted] asked that the records be subpoenaed to eliminate any legal liabilities that might possibly result if he simply turned over the records to SA [redacted] [redacted] stated that if the subpoena gave him a choice of turning the records over to an FBI Agent in lieu of a personal Grand Jury appearance, he would turn the records over to the FBI Agent.

b6
b7C

FBI

Date: 7/3/75

Transmit the following in _____ (Type in plaintext or code)

Via AIRTEL AIRMAIL (Priority)

TO: DIRECTOR, FBI (156-557)

FROM: SAC, LOS ANGELES (156-76) (P)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY, CONSPIRACY
OO: St. Louis

Re St. Louis airtel to the Bureau, dated 6/12/75.

[redacted] have all been contacted and furnished documents. Documents available generally limited to escrow instructions setting forth terms of sale. No appraisal reports known to individuals contacted.

[redacted], Loan Service Department, Great Western Savings and Loan, Los Angeles, on 6/30/75, advised he would be out of town until 7/7/75, and available documents would be furnished at that time. Los Angeles office will forward results of FD 302s of contacts and documents obtained on 7/8/75.

156-20

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 10 1975

2 - Bureau
2 - St. Louis (156-20)
2 - Los Angeles

JJF/hew
(6)

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

FD-36 (Rev. 5-22-64)

FBI

Date: 7/8/75

Transmit the following in PLAIN
(Type in plaintext or code)

Via TELETYPE NITEL
(Priority)

TO: SAN DIEGO (156-5)

FROM: ST. LOUIS (156-20) P

MORRIS A. SHENKER, AKA; ET AL; WPPDA, OOJ, PERJURY, CONSPIRACY; OO:SL.

RE SL TELCALL TO SD, JULY 7, 1975.

b3
b6
b7C

RE TELCALL ADVISED SAN DIEGO THAT FGJ SUBPOENA DUCES TECUM BEING FORWARDED VIA TELETYPE THROUGH US MARSHAL TO [redacted] PURSUANT TO HIS REQUEST TO SAN DIEGO CASE AGENT. SUBPOENA RELATES TO [redacted] POSSESSION RE INSTANT MATTER.

SUBPOENA FORWARDED VIA US MARSHAL JULY 8, 1975, AND SERVED UPON STIERER SAME DATE.

SAN DIEGO. RECONTACT [redacted] AND OBTAIN SUBPOENAED [redacted]. FORWARD SAME TO ST. LOUIS. ADVISE [redacted] THAT ST. LOUIS STRIKE FORCE ATTY ADVISES PERSONAL APPEARANCE IN ST. LOUIS NOT NECESSARY PER SUBPOENA IF [redacted] TURNS [redacted] OVER TO AGENT. END.

156-20-37

b6
b7C

[redacted]

027

(1) trp

Approved: WP
Special Agent in Charge

Sent 10:15 p GKF M Per

SEARCHED
SERIALIZED
INDEXED
FILED

U.S.Government Printing Office: 1972 — 455-574

b6
b7C

156 #0-372

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 14 1975

b6
b7C

156-20-343

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUL 12 1975

b6
b7C

156-20-274

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUL 1 1975

b6
b7C

156-20-375

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUL 14 1975

b6
b7C

156-20276-

SEARCHED
SERIALIZED
INDEXED
FILED
JUL 1

156-10-317

SEARCHED ..... INDEXED .....
SERIALIZED ..... FILED .....
JUL 1 1 1975
FBI — SAINT LOUIS

[redacted] b6 b7C

b6
b7C

156-70-3128

SEARCHED
SERIALIZED
INDEXED
FILED
JUL - 1 1976

[illegible]

FD-302 (REV. 11-27-70)

b3
b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/10/75

[redacted] on July 8, 1975, turned over to SA [redacted] copies of the [redacted]

[redacted]

The copies of the above [redacted] were turned over to SA [redacted] by [redacted] as result of a St.

Interviewed on 7/8/75 at San Diego, California File # SD 156-5

by SA [redacted]/mjz Date dictated 7/10/75

b6
b7C

b3
b6
b7C

SD 156-5

Louis Jury subpoena which had been served on [redacted] on July 8, 1975, by a United States Marshall at San Diego, California.

FD-36 (Rev. 5-22-64)

FBI

Date: 7/10/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, SAN DIEGO (156-5)(P)

MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
OO: ST. LOUIS

b3
b6
b7C

Enclosed for St. Louis are two copies of an FD-302, by SA [redacted] of a contact with [redacted] on 7/8/75.

Also enclosed for St. Louis are one copy each of the following [redacted]

1. [redacted]
2.
3.
4.
5.
6.

2 - St. Louis (Encs-8)
2 - San Diego

LAW/mjz
(4)

156-20-379
SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 14 1975

b6
b7C

Approved: RS/DCL
Special Agent in Charge

Sent _____ M Per _____

☆ U. S. GOVERNMENT PRINTING OFFICE : 1969 O - 346-090 (11)

156-20-380

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUL 14 1975
FBI — SAINT LOUIS

156-20-381

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUL 1 3 1975
FBI — SAINT LOUIS

[redacted]

b6
b7C

FD-302 (REV. 11-27-70)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/23/75

1

[redacted] was contacted at his place of business, [redacted] California.

[redacted] stated that as previously stated, he was represented by Attorney [redacted] of Higgs, Fletcher and Mack, 1700 Home Tower, 707 Broadway, San Diego, California. As the result he had no personal dealings with MORRIS A. SHENKER or SHENKER's attorneys.

He reviewed his papers and advised that he had no sales contract or purchase agreement, however, he did have a copy of the Escrow Instructions. In addition he had a copy of a letter dated October 27, 1971 from [redacted] Escrow Officer, Title Insurance and Trust Company, 220 "A" Street, San Diego, California which was addressed to his attorney [redacted] This letter lists a sales price based [redacted] stated he had no appraisal made and left the matter up to Attorney [redacted] He added that he based his asking price on that of parcels being sold around his property at the time.

[redacted] made available copies of Escrow Instructions [redacted] and the letter referred to above from [redacted] Escrow Officer for Title Insurance and Trust Company. Both documents are dated October 27, 1971. He added that he had no other documents relative to the appraisal of the property or a sales contract or purchase agreement.

Interviewed on 6/20/75 at [redacted], California File # 156-76

by SA [redacted] /drs Date dictated 6/23/75

☆ U.S. GPO: 1974—555-294

b6
b7C

156-20-3

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 14 1975

FD-302 (REV. 11-27-70)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 7/3/75

furnished the following information:

He had searched his personal records and located the following documents relating to his sale of approximately 40 acres of land in San Diego, California, in May 1969.

1) A letter from Stierer Investment Realty, First National Bank building, San Diego, California, dated May 7, 1969, transmitting an Offer to Purchase dated May 6, 1969.

2) A real estate purchase contract and receipt for deposit signed by one on May 6, 1969.

3) A letter from United California Bank, 345 "B" Street, San Diego, California, dated June 12, 1969, transmitting a deed and escrow instructions.

4) Escrow instructions for United California Bank escrow number dated June 12, 1969.

He did not believe that he ever requested or had an appraisal on the property involved.

Interviewed on 7/2/75 California File # Los Angeles 156-76

by SA njs Date dictated 7/2/75

☆ U.S. GPO: 1974—555-294

b6
b7C

186-29-3813

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
JUL 11 1975

FD-302 (REV. 11-27-70)

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 6/30/75

[redacted] telephone number [redacted] furnished the following information:

[redacted] advised that she could not locate a sales contract or purchase agreement relating to the sale of property to the Title Insurance and Trust Company in San Diego, California, on or about June 2, 1969. The only two documents which she could locate pertaining to this real estate transaction were escrow instructions dated June 2, 1969, from the United California Bank, San Diego Main Office, Escrow Number [redacted] and Note Secured by Deed of Trust dated June 2, 1969, and signed by [redacted] Assistant Vice President, Title Insurance and Trust Company.

[redacted] made available copies of the above described documents.

[redacted] stated that she does not recall having or seeing an appraisal report relating to the sale of the property in San Diego.

Interviewed on 6/26/75 [redacted] California File # Los Angeles 156-76

by [redacted] SA [redacted] Date dictated 6/26/75

☆ U.S. GPO: 1974—555-294

b6
b7C

156-29-38

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 11 1975

FD-302 (Rev. 11-27-70)

b3
b6
b7C

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 7/8/75

[redacted] contained [redacted] through [redacted] inclusive.

[redacted]

Interviewed on 7/7/75 at Los Angeles, California File # Los Angeles 156-76

by SA [redacted] Whew Date dictated 7/8/75

FD-36 (Rev. 5-22-64)

FBI

Date: 7/8/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIRMAIL
(Priority)

TO: DIRECTOR, FBI (156-557)

FROM: SAC, LOS ANGELES (156-76) (P)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
OO: St. Louis

b3
b6
b7C

Re St. Louis airtel to the Bureau, dated 6/12/75; and, Los Angeles airtel to the Bureau, dated 7/3/75.

There are enclosed to St. Louis one copy each of the following documents:

[redacted]

2 - Bureau
2 - St. Louis (Enc. 16)
2 - Los Angeles

JJF/hew
(6)

20-385
156-[illegible]

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 14 1975

[redacted]

b6
b7C

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1970 O - 402-735

b3
b6
b7C

LA 156-76

[redacted]

There are also enclosed for St. Louis two copies each of FD 302s concerning contacts with [redacted] Los Angeles; [redacted]

AT LOS ANGELES, CALIFORNIA

[redacted] advised that [redacted] desired a subpoena before furnishing [redacted] A subpoena for the [redacted] should be directed to [redacted], or his designated representative.

The documents obtained from [redacted] will be forwarded by a separate communication.

b6
b7C

b6
b7C

FD-36 (Rev. 5-22-64)

FBI

Date: 6/30/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: SAC, PHOENIX (156-13) (RUC)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
OO: SL
Bufile 156-557

Re SL airtel to Director, 6/12/75.

Enclosed herewith for the St. Louis Office are the following items:

1. Financial statement to [redacted] dated 10/3/74.

2. One TIT Form regarding instructions to pay commission, dated 7/16/69, signed by the [redacted]

3. Three copies of a notice of default and election to sell under deed of trust form, dated 4/16/73, 4/8/74 and 8/15/74.

4. One copy of an Amortization schedule of the payments covering the $46,147.20 trust deed note.

5. TIT Policy of Title Insurance form consisting of four pages setting forth the title insurance coverage.

6. Trustee's Sale Guarantee issued by TIT form.

7. TIT Form number under Guarantee [redacted] effective date is 4/10/74, consisting of six pages.

8. Guarantee number [redacted] effective date is 8/16/74, consisting of seven pages.

9. Xerox copy of TIT recording of the pertinent property in question with the San Diego County Recorder's Office under page number [redacted] in the official record which was filed on 7/25/69.

2 - St. Louis (Encs. 1)
1 - Phoenix
PGL/hmc (3)

156-210-386

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 2 1975

Approved: _____ Sent _____
Special Agent in Charge

b6
b7C

PX 156-13
PCL/hmc

On 6/23/75, [redacted], was contacted and he advised that he does not have any copies of his sales contract or purchase agreement. He said this would have to be obtained through Title Insurance and Trust Company (TIT) in San Diego, California.

He said that the property in question was never appraised, that he set his own price and received it without any appraisal being made.

[redacted] furnished all of the material that he has in his possession pertaining to said property which was xeroxed and is enclosed as indicated above.

[redacted] advised that he has no other papers pertaining to this matter and that anything else would have to be received from another source.

b3
b6
b7C

NRØ1Ø SL PLAIN

6:3ØPM NITEL 7/31/75 KCM

TO LOS ANGELES (156-76)

FROM ST. LOUIS (156-2Ø) (P)

MORRIS A. SHENKER; ET AL; WPPDA; OOJ; FBW; CONSPIRACY. OO ST. LOUIS

FOR INFORMATION, ST. LOUIS CASE AGENT IN LOS ANGELES ON OTHER MATTER JULY 29 - 3Ø, 1975. ON JULY 3Ø, CASE AGENT CONTACTED [redacted] SERVED WITH FGJ SUBPOENA DUCES TECUM FOR [redacted] PREVIOUSLY DISCUSSED WITH HIM RE THIS MATTER.

SUBPOENA CALLED [redacted] STATED HE PREFERRED TEMPORARY TURNOVER OF [redacted] TO FBI FOR COPYING TO SATISFY SUBPOENA AFTER WHICH [redacted] TO BE RETURNED TO HIM. ST. LOUIS STRIKE FORCE AGREEABLE TO THIS PROCEDURE PROVIDED [redacted] TURNED OVER PRIOR TO AUGUST 26, 1975.

LOS ANGELES - WILL RECONTACT [redacted] AND OBTAIN [redacted] FROM HIM AND FORWARD SAME TO ST. LOUIS FOR REVIEW AND COPYING. UPON COMPLETION, [redacted] WILL BE RETURNED TO LOS ANGELES FOR DELIVERY TO [redacted]

END

FBI LOS ANGELES TU AND CLR BCC

[redacted]

b6
b7C

156-20-387

SEARCHED
SERIALIZED
INDEXED
FILED

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OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, ST. LOUIS (156-20) DATE: 8/14/75

FROM SAC, SAN DIEGO (156-5) (RUC)

SUBJECT: MORRIS A. SHENKER, aka;
ET AL
WPPDA; OOJ; FBW;
PERJURY; CONSPIRACY
(OO: St. Louis)

On 8/14/75, [redacted] U. S. District Court Clerk's Office, Federal Building, San Diego, advised that the Federal Archives and Record Center at Laguna Niguel has not been able to locate the closed bankruptcy court file on Crestview Heights, Inc. (File Number 1917-R). [redacted] stated that if the need to locate this file was of sufficient urgency, she would request a special search be made to locate this file.

Since the only purpose in reviewing this closed bankruptcy file was to attempt to obtain the value in 1970 of the huge warehouse owned by IRVIN KAHN, [redacted] was advised that a special search was not necessary.

St. Louis should advise San Diego if the value of this warehouse in 1970 is important enough to conduct other investigation to determine its value.

2 - St. Louis
1 - San Diego
LAW:ab
(3)

ZONE 0-1
8/14/75
8/18/75
9/2/75

156-20-388
SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
AUG 18 1975
FBI - ST. LOUIS

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b7C

156-20-389

SEARCHED INDEXED
SERIALIZED FILED
AUG 29 1975

[redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/8/75

[redacted] was interviewed at the office of the Los Angeles Strike Force in the presence of U. S. Department of Justice Special Attorney [redacted] supplied the following information:

He moved to [redacted] and soon thereafter obtained a California real estate license. Shortly after obtaining this license, he was introduced to a man named [redacted] through a mutual friend whose identity [redacted] could not recall. After meeting [redacted] was asked by [redacted] to come to work for him at a company known as [redacted] which was a land development firm. [redacted] wanted [redacted] to handle the real estate sales part of this business. [redacted] accepted [redacted] offer and began employment by [redacted]

Shortly after accepting this employment [redacted] was introduced to a [redacted] told [redacted] that [redacted] was a [redacted] in [redacted]

In June, 1972, [redacted] told [redacted] that he wanted to expand the operations of his company into the Nevada land market. [redacted] asked [redacted] to set up a sales program for [redacted] which would be operational in Las Vegas, Nevada. [redacted] put together a sales program with the assistance of an individual named [redacted] subsequently introduced [redacted] to MORRIS SHENKER and [redacted] learned that SHENKER was affiliated with both the Dunes Hotel and Casino as well as the Aladdin Hotel and Casino in Las Vegas. [redacted] recalls, however, that he first met SHENKER at the Dunes Hotel and during that meeting asked SHENKER for the use of a "hospitality room" at the Aladdin Hotel. [redacted] subsequently obtained such a room at the Aladdin through SHENKER under an agreement wherein Envirotech would pay rent for the room as well as a percentage of the gross business obtained through that room to the Aladdin Hotel.

[redacted] stated that once the sales room was operational, potential customers were invited to the room to listen to the sales promotional presentation. Customers were invited to the room

Interviewed on 7/29/75 at Los Angeles, California File # SL 183-37

by SA [redacted] SA TRP/cw Date dictated 8/4/75

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b7C

through the offer of free show tickets and food and drink coupons.

Once [redacted] had this program fully underway, he introduced [redacted] to MORRIS SHENKER who introduced all of them to IRVIN KAHN. After these introductions, [redacted] and [redacted] explained to SHENKER and KAHN what their long-range plans were for developing and selling land in Nevada. SHENKER and KAHN told them that they had a development known as Murietta Hot Springs in southern California and they asked [redacted] to assist them in promoting and selling land at Murietta Hot Springs. [redacted] agreed to do so and was subsequently invited by SHENKER to visit Murietta Hot Springs and look the development over. [redacted] agreed to this and subsequently met SHENKER at the Los Angeles airport whereupon they drove to Murietta Hot Springs. During this inspection tour and conversations with SHENKER, [redacted] discovered that Murietta was experiencing serious financial difficulties and at one point in the conversation SHENKER stated that Murietta Hot Springs was "17 million dollars in the hole". [redacted] stated that this meeting occurred in June, 1972.

[redacted] stated that after he became more closely involved with Murietta he discovered that there was no way whatsoever that Murietta was ever going to resolve its financial problems. He stated that he based this decision on the fact that Murietta owed debts totaling approximately 30 million dollars and the interest alone on these debts amounted to over $250,000 per month. He further learned that the salaries at Murietta amounted to approximately $80,000 per month and that the interest, salaries, and normal operating expenses amounted to a normal cash outflow per month of over $400,000. [redacted] stated that with the number of rental units and rooms available at Murietta, there was no way that a profit could be made in light of the above-described fixed monthly expenses. [redacted] further advised that he could not understand it when he discovered that SHENKER kept pumping more money into Murietta to keep it going because [redacted]

[redacted] subsequently moved to Murietta Hot Springs and [redacted]

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[redacted]

At this point in the interview, [redacted] stated that because of the [redacted] the fixed monthly expenses as previously described, deteriorating service and facilities and the lack of business, Murietta Hot Springs will very likely in the very near future be forced into bankruptcy.

[redacted] stated that he personally advised SHENKER of these facts and possibilities on numerous occasions and SHENKER admitted to him that he recognized this fact, however, he felt that he had an obligation to Murietta's creditors to try to keep it operational.

[redacted] stated that Murietta eventually reached a position wherein it was unable to obtain any additional loans due to already existing loans and lack of collateral. When this happened, the fixed expenses previously described still had to be paid. As a result, the various Murietta Hot Springs bank accounts became grossly overdrawn on numerous occasions. Whenever this occurred, SHENKER was always the one who arranged to have the overdraft covered. [redacted] stated that [redacted] stated that he does not know exactly how SHENKER did it, but the overdrafts were always covered.

[redacted] further stated that [redacted] SHENKER would come there almost every weekend at which time conferences would be held between [redacted] and SHENKER. During these conferences, [redacted] SHENKER always handled all of the financial aspects of the business and made all of the decisions relating to financial matters. During this same period of time IRVIN KAHN ran the development part of the business and only on very rare occasions would KAHN make any type of financial decision.

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[redacted] was then questioned further relating to the various bank overdrafts which he had previously mentioned. [redacted] stated that the majority of the day to day bookkeeping for Murietta Hot Springs was done by anindividual named [redacted] worked for [redacted] for most of SHENKER's operations. Part of [redacted] duties were to regularly determine and keep track of the overdrafts in the Murietta bank accounts. [redacted] did this by regularly contacting Security Pacific Bank (where the Murietta accounts were kept) to determine the amount of the overdrafts. Sometimes [redacted] would relay this information to [redacted] who would in turn relay the information on to MORRIS SHENKER. [redacted] recalled, however, that many times [redacted] would personally contact SHENKER and tell SHENKER how much money would be needed to cover the overdrafts. [redacted] again stated that he did not know how SHENKER did it, but sufficient funds always seemed to appear to take care of these overdrafts.

[redacted] advised further that [redacted]

[redacted] stated that Horizons West was another corporation in Nevada which was created to act as a purchasing entity for various SHENKER operations including Murietta Hot Springs and the Dunes Hotel and Casino. [redacted] stated that Horizons West was conceived and established by SHENKER and an individual named [redacted] [redacted] was put in charge of Horizons West by SHENKER. [redacted] who was employed at the Dunes Hotel and Casino in Las Vegas.

At this point [redacted] stated that the bookkeeper named [redacted] whom he had previously referred to should know the background of the one million dollar Horizons West-Murietta Hot Springs transaction inasmuch as he took care of all of the books for Murietta when that transaction took place.

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[redacted] stated that he recalls seeing [redacted]

[redacted] was then questioned further by the interviewing Agents regarding the possibility of cash transfers from Penasquitos to Murietta. He replied that Murietta was always extremely short of cash and in view of that fact it is very possible that such cash transfers did take place even though he is not aware of same. [redacted] added, however, that due to his affiliation with SHENKER, he was aware of the fact that Penasquitos had received multi-million dollar loans from the Teamsters Union Pension Fund and that it was considered a violation of the Teamsters loan agreement for Penasquitos to give any of the loan proceeds to any other corporation outside of Penasquitos. [redacted] stated that there was no direct relationship whatsoever between Penasquitos and Murietta Hot Springs.

[redacted] stated that [redacted] always under orders to treat anyone from the Pipefitters Union in St. Louis as a V.I.P. and afford them special privileges and services. [redacted] stated that he assumed this was done in view of the large loans which the Pipefitters had made to Murietta and other SHENKER operations.

[redacted] stated that [redacted] The individual at Murietta who was in direct charge of the construction aspects was an individual named [redacted]

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[redacted]

At this point [redacted] again brought up the subject of Sierra Charter Corporation and again stated that this company was created in Nevada as an off-shoot of the operations of Envirotech which was run by [redacted] Once it was decided to incorporate Sierra Charter Corporation (SCC) in Nevada, SHENKER is the one that made this decision and caused the incorporation to take place in approximately May, 1972. After it's incorporation, SCC was authorized to issue 2500 shares of common stock. [redacted] and another individual with the last name of [redacted] received approximately 45 percent total of these shares, SHENKER and KAHN received a total of 45 percent and [redacted] received ten percent. This stock arrangement was worked out between [redacted] SHENKER, KAHN and [redacted] in what is known as the "Sinatra suite" at the Dunes Hotel. As a result of this agreement [redacted]

[redacted] stated that the basic concept of SCC was to develop an area called "Comstock" near Gardnerville, Nevada and to subsequently sell lots there. [redacted] stated that this area is now associated with another SCC development known as Gardnerville Ranchos.

[redacted] stated that once the hospitality room was in full operation at the Aladdin Hotel and Casino, [redacted] and SHENKER were making all of the decisions regarding that venture. [redacted] stated that [redacted]

[redacted] stated that he recalls the fact that SCC needed operating funds and that [redacted] arranged several large loans in the San Francisco area and SHENKER agreed to personally guarantee these loans. [redacted] and SHENKER also succeeded in getting the Gardnerville Ranchos general improvement district to issue some bonds for improvements on the SCC property. [redacted] stated that

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he knows for a fact that SCC used approximately $250,000 from the sale of these bonds for general operating expenses instead of for the improvements that they were issued for. [redacted] stated that the mechanics of this diversion of the bond money was accomplished by turning the money from the bond issue over to an individual named [redacted] (an associate of [redacted] who was going to construct the improvements on the SCC property. [redacted] then turned approximately $250,000 of this money back to [redacted] for the general operations of SCC. Accomplishing this in this manner was [redacted] idea and [redacted] does not know whether or not SHENKER was involved in this incident.

[redacted] stated that [redacted] eventually placed an individual named [redacted] in charge of the SCC hospitality room operation at the Aladdin Hotel, however, [redacted] normally went to [redacted] or SHENKER for any major decisions that had to be made.

[redacted] was the one who arranged for loans from General Electric Credit Corporation. These loans were to be secured by real estate sales contracts from lots sold in the northern Nevada development. [redacted] stated that he has no direct knowledge of how these loans worked nor anything about the contracts that were supposed to be submitted to General Electric Credit Corp.

[redacted] stated that [redacted] an attorney associated with SHENKER named [redacted] [redacted] told him that SCC was "going under" financially and that SHENKER was the only person who could save it. They further told [redacted] that before SHENKER would do anything to save SCC, SHENKER wanted to obtain complete control of it by having everyone sign over their stock to him. Everyone did this and to [redacted] knowledge, SHENKER received all of the outstanding stock in SCC. [redacted] stated that [redacted] turned it over to either [redacted] or SHENKER but he is not sure which. He does recall both SHENKER and [redacted] personally telling him that SHENKER needed all of the stock in order to pledge it as collateral for a 1.8 million dollar loan to save SCC. [redacted] stated that he did not know fromwhat source this loan was obtained.

[redacted] stated that [redacted]

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[redacted] further stated that [redacted] he somehow became aware of the fact that prior existing deeds of trust on certain pieces of property had been concealed from the Pipefitters Union when that union granted new loans on the same property. [redacted] stated that he has heard this concealment referred to as "write-overs". [redacted] stated that [redacted] He further stated that he is aware of the fact that [redacted] is the individual who assisted SHENKER in arranging for these write-overs. [redacted] stated that in view of the fact that [redacted] would never do anything without clearing it with SHENKER personally, SHENKER had to have been aware of the write-overs. [redacted] stated that [redacted]

The following description was obtained from observation and interview:

Name	[redacted]
Aliases	
Sex	
Race	
Date of birth	
Place of birth	
Height	
Weight	
Build	
Hair	
Eyes	
Complexion	
Scars and marks	
Occupation-Employment	
Marital status	
Relatives	
Military service	
Previous arrests	
Social security Number	
California driver's license number	

FD-36 (Rev. 5-22-64)

FBI

Date: 8/25/75

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIR MAIL
(Priority)

TO: SAC, ST. LOUIS (156-20)

FROM: ACTING ADIC, LOS ANGELES (156-76) (P)

SUBJECT: MORRIS A. SHENKER
ET AL
WPPDA; OOJ; FBW;
CONSPIRACY
OO: St. Louis

There are enclosed for St. Louis [redacted]

[redacted]

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b7C

AT LOS ANGELES, CALIFORNIA

On 8/25/75, [redacted]

made available [redacted]
under subpoena issued 7/28/75. [redacted] advised that
[redacted] and requested they be
returned as soon as possible upon serving their purpose.

156-20-340

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___

3 - St. Louis
(1 - Package) (RM-RRR)
2 - Los Angeles

JJF/rsp
(5)

[redacted]

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b7C

Approved: El Fo
Special Agent in Charge

Sent _____ M Per _____

GPO : 1970 O - 402-735

LA 156-76

LEADS

LOS ANGELES

AT LOS ANGELES, CALIFORNIA: Will upon [redacted] being returned from St. Louis, return them to [redacted] as requested.